

**FOOD AND NUTRITION SERVICE**

**2008 Explanatory Notes**

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## 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 centerpiece and primary source of nutrition assistance for over 25 million low-income people. It enables participants, over 50 percent of who 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 while the other FNS programs supplement the 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 2005, 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 a small fraction of 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 69 subordinate 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 162,013 stores participating in the Food Stamp Program.

As of September 30, 2006, there were 1,367 full-time permanent and 27 part-time and temporary employees in the agency. There were 515 employees in the Washington headquarters office; and 879 in the field, which includes seven regional offices; 69 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.

<b>STAFF YEAR DISTRIBUTION</b> (From All Sources of Funds)				
Project	2006 Actual	2007 Estimated	Change	2008 Requested
Food Stamp Program	67	68	30	98
Child Nutrition Programs	160	155	9	164
Nutrition Programs Administration	1,170	1,115	0	1,115
Center for Nutrition Policy and Promotion	24	26	0	26
<b>Total Available</b>	<b>1,421</b>	<b>1,364</b>	<b>39</b>	<b>1,403</b>

**Reports of Audits and Investigations of National Significance Issued for Fiscal Year 2006****OIG Audits Issued**

CACFP	27010-18-CH	10-05	Monitoring of CACFP Providers In Minnesota
FM	27401-1-FM	11-05	Food Nutrition and Consumer Services' Financial Statements for Fiscal Year 2005
CND	27601-15-KC	12-05	FNS NSLP Cost-Reimbursable Contracts with a Food Service Management Company

FSP	27099-60-AT	12-05	FNS Special Wages Incentive Program in Puerto Rico
WIC	27002-2-AT	3-06	WIC Administrative Costs in Georgia
FSP	27099-32-SF	7-06	FNS FSP ALERT Watch List
DFSP	27099-61-AT	8-06	FNS Disaster Food Stamp Program For Hurricanes Katrina, Rita, and Wilma—Alabama and Florida
FSP	27099-66-HY	9-06	FNS National Office Oversight of EBT Operations
CND	27601-13-HY	9-06	FNS Child Nutrition Labeling Program

**GAO Audits Issued**

Govt-wide	GAO-06-15	10-05	Results-Oriented Government: Practices That Can Help Enhance And Sustain Collaboration among Federal Agencies
Govt-wide	GAO-06-127R	10-05	Childhood Obesity: Most Experts Identified Physical Activity and the Use of Best Practices as Key to Successful Programs
WIC	GAO-06-282	2-06	Breastfeeding: Some Strategies Used to Market Infant Formula May Discourage Breastfeeding; State Contracts Should Better Protect against Misuse of WIC Name
WIC	GAO-06-380	3-06	Food Assistance: FNS Could Take Additional Steps to Contain WIC Infant Formula Costs
FSP	GAO-06-342	3-06	Offshoring in Six Human Services Programs: Offshoring Occurs in Most States, Primarily in Customer Service and Software Development
WIC	GAO-06-664	7-06	WIC PROGRAM: More Detailed Price and Quantity Data Could Enhance Agriculture's Assessment Of WIC Program Expenditures

Govt-wide	GAO-06-832	8-06	The Federal Workforce: Additional Insights Could Enhance Agency Efforts Related to Hispanic Representation
USDA	GAO-06-1002R	9-06	Managerial Cost Accounting Practices: Department of Agriculture and Department of Housing and Urban Development
Govt-wide	GAO-06-942	9-06	Human Service Programs: Demonstration Projects Could Identify Ways to Simplify Policies And Facilitate Technology Enhancements to Reduce Administrative Costs
FSP	GAO-07-53	10-06	Food Stamp Trafficking: FNS Could Enhance Program Integrity by Better Targeting Stores Likely To Traffic and Increasing Penalties

### 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  
2006 Actual and Estimated 2007 and 2008

Item	Actual		Estimated		Estimated	
	2006		2007		2008	
	Amount	SY	Amount	SY	Amount	SY
Food Stamp Program.....	\$40,711,224,000	67	\$38,161,534,000	68	\$39,838,223,000	98
Child Nutrition Program:						
Appropriation.....	7,473,208,000	133	7,447,340,000	137	7,592,797,000	146
Permanent Appropriation.....	43,650,000	27	26,250,000	18	20,250,000	18
Transfers from Section 32 & Food Stamp Program.....	5,187,621,000		5,731,073,000		6,304,475,000	
Total - Child Nutrition Program.....	12,704,479,000	160	13,204,663,000	155	13,917,522,000	164
Special Supplemental Nutrition Program.....	5,204,430,000		5,168,046,000		5,386,597,000	
Commodity Assistance Program.....	205,402,000		194,309,000		85,370,000	
Nutrition Programs Administration.....	141,828,390	1,194	141,828,000	1,141	148,926,000	1,141
Total, Food and Nutrition Service Funds.....	58,967,363,390	1,421	56,870,380,000	1,364	59,376,638,000	1,403
<u>Obligations under other</u>						
<u>USDA Appropriations:</u>						
Congressional Relations.....	266,000		268,000		268,000	
Agricultural Research Service.....	40,000		0		0	
OCFO.....	200,000		0		0	
Office of Operations.....	47,220		48,000		0	
Foreign Agricultural Service.....	167,837		170,000		0	
Office of the Inspector General.....	18,369		19,000		0	
National Appeals Division.....	38,101		39,000		0	
Farm Service Agency.....	186,460		190,000		0	
Rural Development.....	33,503		34,000		0	
Total, Agriculture Appropriations.....	997,490		768,000		268,000	
<u>Other Federal Funds:</u>						
Army Audit.....	8,704		9,000		0	
Total, Other Federal Funds.....	8,704		9,000		0	
Total, Food and Nutrition Service.....	58,968,369,584	1,421	56,871,157,000	1,364	59,376,906,000	1,403

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  
2006 Actual and Estimated 2007 and 2008

Grade	<u>2006</u>			<u>2007</u>			<u>2008</u>		
	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	24	6	30	23	6	29	23	6	29
GS-14	65	45	110	64	44	108	64	44	108
GS-13	199	84	283	197	83	280	199	83	282
GS-12	116	254	370	100	246	346	101	259	360
GS-11	36	364	400	35	361	396	35	374	409
GS-9	15	33	48	15	34	49	15	44	59
GS-8	7	6	13	7	6	13	7	6	13
GS-7	27	31	58	27	26	53	27	26	53
GS-6	11	20	31	9	20	29	9	20	29
GS-5	1	9	10	1	9	10	1	9	10
GS-4	4	4	8	4	4	8	4	4	8
Other Graded Positions.....	2	-	2	1	1	2	1	1	2
Ungraded Positions	1	-	1	1	-	1	1	-	1
Total Permanent Positions.....	517	863	1,380	492	847	1,339	495	883	1,378
Unfilled Positions end-of-year.....	8	5	13	-	-	-	-	-	-
Total, Permanent Full-Time Employment, end-of-year*.....	509	858	1,367	492	847	1,339	495	883	1,378
Staff Year Estimate	590	831	1,421	562	802	1,364	565	838	1,403

\* 2006 actual for Washington, D.C. includes positions assigned to headquarters but physically located elsewhere.

FOOD AND NUTRITION SERVICE

## Food Stamp Program

Classification by Objects2006 Actual and Estimated 2007 and 2008

(in thousands of dollars)

	<b>Personnel Compensation:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	Washington D.C.	\$2,340	\$2,637	\$3,940
	Field	2,747	3,095	4,625
11	Total personnel compensation	5,087	5,732	8,565
12	Personnel benefits	1,239	1,231	1,794
13	Benefits for former personnel	-	-	-
	Total personnel compensation and benefits	6,326	6,963	10,359
	<b>Other Objects:</b>			
21	Travel and transportation of persons	2,389	2,446	2,497
22	Transportation of things	166	170	174
23.1	Rental Payments to GSA	-	-	-
23.2	Rental payments to others	3	3	3
23.3	Communications, utilities, and misc. charges	3,426	3,508	3,582
24	Printing and reproduction	598	612	625
25.1	Advisory and assistance services	-	-	-
25.2	Other services	44,109	47,168	49,159
25.3	Purchase of goods and services from Government Accounts	-	-	-
25.4	Operation and maintenance of facilities	-	-	-
25.5	Research and development contracts	-	-	-
25.7	Operation and maintenance of equipment	-	-	-
25.8	Subsistence and support of persons	-	-	-
26	Supplies and materials	184,576	181,433	181,349
31	Equipment	698	708	723
41	Grants, subsidies and contributions	34,502,978	34,958,015	36,629,244
42	Insurance claims and indemnities	-	-	-
43	Interest and dividends	8	8	8
	Total other objects	34,738,951	35,194,071	36,867,364
	Total direct obligations	34,745,277	35,201,034	36,877,723

**FOOD AND NUTRITION SERVICE**  
Child Nutrition Programs - Permanent Appropriation

Classification by Objects  
2006 Actual and Estimated 2007 and 2008  
(in thousands of dollars)

	<b>Personnel Compensation:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	Washington D.C.	\$1,087	\$740	\$761
	Field	1,275	869	893
11	<b>Total personnel compensation</b>	<b>2,362</b>	<b>1,609</b>	<b>1,654</b>
12	<b>Personnel benefits</b>	<b>532</b>	<b>349</b>	<b>358</b>
13	<b>Benefits for former personnel</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total personnel compensation and benefits</b>	<b>2,894</b>	<b>1,958</b>	<b>2,012</b>
	<b>Other Objects:</b>			
21	Travel and transportation of persons	135	92	92
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	-	-	-
25.1	Advisory and assistance services	-	-	-
25.2	Other services	3,214	1,064	1,064
25.3	Purchase of goods and services from Government Accounts	-	-	-
25.4	Operation and maintenance of facilities	-	-	-
25.5	Research and development contracts	-	-	-
25.7	Operation and maintenance of equipment	-	-	-
25.8	Subsistence and support of persons	-	-	-
26	Supplies and materials	-	-	-
31	Equipment	-	-	-
41	Grants, subsidies and contributions	31,129	39,867	17,082
42	Insurance claims and indemnities	-	-	-
43	Interest and dividends	-	-	-
	<b>Total other objects</b>	<b>34,478</b>	<b>41,023</b>	<b>18,238</b>
	<b>Total direct obligations</b>	<b>37,372</b>	<b>42,981</b>	<b>20,250</b>

**FOOD AND NUTRITION SERVICE**  
Child Nutrition Programs - Mandatory Appropriation

Classification by Objects  
2006 Actual and Estimated 2007 and 2008  
(in thousands of dollars)

	<b>Personnel Compensation:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	Washington D.C.	\$4,118	\$4,177	\$4,645
	Field	4,834	4,903	5,452
11	<b>Total personnel compensation</b>	<b>8,952</b>	<b>9,080</b>	<b>10,097</b>
12	<b>Personnel benefits</b>	<b>2,069</b>	<b>2,159</b>	<b>2,499</b>
13	<b>Benefits for former personnel</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total personnel compensation and benefits</b>	<b>11,021</b>	<b>11,239</b>	<b>12,596</b>
	<b>Other Objects:</b>			
21	Travel and transportation of persons	1,282	1,282	1,282
22	Transportation of things	35	35	35
23.1	Rental Payments to GSA	-	-	-
23.2	Rental payments to others	-	-	-
23.3	Communications, utilities, and misc. charges	156	156	156
24	Printing and reproduction	3,346	3,396	7,346
25.1	Advisory and assistance services	-	-	-
25.2	Other services	9,662	11,962	12,062
25.3	Purchase of goods and services from Government Accounts	-	-	-
25.4	Operation and maintenance of facilities	-	-	-
25.5	Research and development contracts	-	-	-
25.7	Operation and maintenance of equipment	-	-	-
25.8	Subsistence and support of persons	-	-	-
26	Supplies and materials	732,671	732,721	733,071
31	Equipment	290	290	290
41	Grants, subsidies and contributions	12,000,223	12,480,560	13,130,434
42	Insurance claims and indemnities	-	-	-
43	Interest and dividends	-	-	-
	<b>Total other objects</b>	<b>12,747,665</b>	<b>13,230,402</b>	<b>13,884,676</b>
	<b>Total direct obligations</b>	<b>12,758,686</b>	<b>13,241,641</b>	<b>13,897,272</b>

FOOD AND NUTRITION SERVICE

## WIC Program

Classification by Objects2006 Actual and Estimated 2007 and 2008

(in thousands of dollars)

	<b>Personnel Compensation:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	Washington D.C.			
	Field			
11	Total personnel compensation			
12	Personnel benefits			
13	Benefits for former personnel			
	Total personnel compensation and benefits			
	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	-	-	-
25.1	Advisory and assistance services	-	-	-
25.2	Other services	-	-	-
25.3	Purchase of goods and services from Government			
	Accounts	-	-	-
25.4	Operation and maintenance of facilities	-	-	-
25.5	Research and development contracts	-	-	-
25.7	Operation and maintenance of equipment	-	-	-
25.8	Subsistence and support of persons	-	-	-
26	Supplies and materials	-	-	-
31	Equipment			
41	Grants, subsidies and contributions	\$5,362,827	\$5,463,134	\$5,493,567
42	Insurance claims and indemnities	-	-	-
43	Interest and dividends	-	-	-
	Total other objects	5,362,827	5,463,134	5,493,567
	Total direct obligations	5,362,827	5,463,134	5,493,567

**FOOD AND NUTRITION SERVICE**  
Commodity Assistance Program

Classification by Objects  
2006 Actual and Estimated 2007 and 2008  
(in thousands of dollars)

	<b>Personnel Compensation:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	Washington D.C.			
	Field			
11	Total personnel compensation			
12	Personnel benefits			
13	Benefits for former personnel			
	Total personnel compensation and benefits			
	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	-	-	-
25.1	Advisory and assistance services	-	-	-
25.2	Other services	-	-	-
25.3	Purchase of goods and services from Government			
	Accounts	-	-	-
25.4	Operation and maintenance of facilities	-	-	-
25.5	Research and development contracts	-	-	-
25.7	Operation and maintenance of equipment	-	-	-
25.8	Subsistence and support of persons	-	-	-
26	Supplies and materials	\$91,383	\$80,085	-
31	Equipment	-	-	-
32	Land and structures	-	-	-
41	Grants, subsidies and contributions	120,257	120,359	\$89,370
42	Insurance claims and indemnities	-	-	-
43	Interest and dividends	-	-	-
	Total other objects	211,640	200,444	89,370
	Total direct obligations	211,640	200,444	89,370

FOOD AND NUTRITION SERVICE

## Nutrition Programs Administration

Classification by Objects2006 Actual and Estimated 2007 and 2008

(in thousands of dollars)

	<b>Personnel Compensation:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	Washington D.C.	\$42,891	\$42,955	\$44,998
	Field	50,350	50,426	52,824
11	Total personnel compensation	93,241	93,382	97,823
12	Personnel benefits	21,762	21,510	22,643
13	Benefits for former personnel	51	34	34
	Total personnel compensation and benefits	115,054	114,926	120,500
	<b>Other Objects:</b>			
21	Travel and transportation of persons	1,745	1,800	1,800
22	Transportation of things	94	100	100
23.1	Rental payments to GSA	-	-	-
23.2	Rental payments to others	323	325	325
23.3	Communications, utilities, and misc. charges	964	1,200	1,200
24	Printing and reproduction	487	490	490
25.1	Advisory and assistance services	6,195	6,195	10,195
25.2	Other services	7,732	6,895	6,895
25.3	Purchase of goods and services from Government			
	Accounts	4,938	5,067	5,166
25.4	Operation and maintenance of facilities	157	165	165
25.5	Research and development contracts	-	-	-
25.7	Operation and maintenance of equipment	203	211	211
26	Supplies and materials	1,662	1,504	1,404
31	Equipment	316	325	325
32	Land and structures	18	18	18
41	Grants, subsidies and contributions	2,475	2,475	-
42	Insurance claims and indemnities	144	130	130
43	Interest and dividends	7	2	2
92	Undistributed	-3	-	-
	Total other objects	27,457	26,902	28,426
	Total direct obligations	142,511	141,828	148,926

Totals may not add due to rounding.

FY 2006 excludes \$323,648 balance lapsing.

FOOD AND NUTRITION SERVICE  
CLASSIFICATION BY OBJECTS  
 2006 Actual and Estimated 2007 and 2008  
 (in thousands of dollars)

	Personnel Compensation:	2006	2007	2008
	Washington D.C.	\$50,435	\$50,509	\$54,344
	Field	59,207	59,293	63,795
11	<b>Total personnel compensation</b>	<b>109,642</b>	<b>109,802</b>	<b>118,139</b>
12	Personnel benefits	25,602	25,250	27,293
13	Benefits for former personnel	51	34	34
	<b>Total personnel compensation and benefits</b>	<b>135,295</b>	<b>135,086</b>	<b>145,466</b>
	<b>Other Objects:</b>			
21	Travel and transportation of persons	5,551	5,620	5,671
22	Transportation of things	295	305	309
23.1	Rental Payments to GSA	-	-	-
23.2	Rental payments to others	326	328	328
23.3	Communications, utilities, and misc. charges	4,546	4,864	4,938
24	Printing and reproduction	4,431	4,498	8,461
25.1	Advisory and assistance services	6,195	6,195	10,195
25.2	Other services	64,717	67,089	69,180
25.3	Purchase of goods and services from Government Accounts	4,938	5,067	5,166
25.4	Operation and maintenance of facilities	157	165	165
25.5	Research and development contracts	-	-	-
25.7	Operation and maintenance of equipment	203	211	211
25.8	Subsistence and support of persons	0	0	0
26	Supplies and materials	1,010,292	995,743	915,824
31	Equipment	1,304	1,323	1,338
32	Land and structures	18	18	18
41	Grants, subsidies and contributions	52,019,889	53,064,409	55,359,698
42	Insurance claims and indemnities	144	130	130
43	Interest and dividends	15	10	10
92	Undistributed	-3	-	-
	<b>Total other objects</b>	<b>53,123,018</b>	<b>54,155,975</b>	<b>56,381,642</b>
	<b>Total direct obligations</b>	<b>53,258,313</b>	<b>54,291,062</b>	<b>56,527,108</b>

Totals may not add due to rounding.

Position Data:

Average Salary, ES positions.....	\$159,000	\$163,000	\$168,000
Average Salary, GS positions.....	\$75,415	\$77,074	\$79,386
Average Grade, GS positions.....	12.6	12.6	12.6

## 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, 2006 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						
<b>FY 2005</b>	54	10	0	4	0	0	0	68	\$287
Change from 2005**	-3	0	0	0	0	0	0	-3	
<b>FY 2006</b>	51	10	0	4	0	0	0	65	\$272
Change from 2006**	0	0	0	0	0	0	0	0	
<b>FY 2007</b>	51	10	0	4	0	0	0	65	\$275
Change from 2007**	0	0	0	0	0	0	0	0	
<b>FY 2008</b>	51	10	0	4	0	0	0	65	\$280

## 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**  
**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS**  
**2006 and Estimated 2007 and 2008**

Food Stamp						
	FY 2006 Amount	Staff Years	FY 2007 Amount	Staff Years	FY 2008 Amount	Staff Years
Alabama	\$624,430	0	\$637,415	0	\$668,149	0
Alaska	95,724	0	97,714	0	102,425	0
Arizona	659,029	0	672,734	0	705,171	0
Arkansas	438,660	0	447,782	0	469,373	0
California	2,793,396	3	2,851,486	3	2,988,977	5
Colorado	347,376	3	354,600	3	371,698	5
Connecticut	260,830	0	266,254	0	279,092	0
Delaware	78,839	0	80,479	0	84,359	0
District of Columbia	117,604	0	120,050	0	125,838	0
Florida	1,756,703	0	1,793,235	0	1,879,699	0
Georgia	1,157,734	4	1,181,810	4	1,238,793	6
Hawaii	158,815	0	162,118	0	169,935	0
Idaho	108,704	0	110,964	0	116,314	0
Illinois	1,594,236	3	1,627,389	3	1,705,856	5
Indiana	685,499	0	699,754	0	733,494	0
Iowa	260,925	0	266,351	0	279,194	0
Kansas	205,620	0	209,896	0	220,017	0
Kentucky	675,436	0	689,482	0	722,727	0
Louisiana	1,079,391	0	1,101,837	0	1,154,964	0
Maine	177,581	0	181,254	0	189,993	0
Maryland	371,037	0	378,753	0	397,015	0
Massachusetts	461,394	3	470,989	3	493,699	4
Michigan	1,331,892	0	1,359,590	0	1,425,145	0
Minnesota	323,741	0	330,474	0	346,408	0
Mississippi	533,605	0	544,701	0	570,965	0
Missouri	775,348	1	791,472	1	829,634	1
Montana	98,165	0	100,206	0	105,038	0
Nebraska	138,989	0	141,879	0	148,720	0
Nevada	137,023	0	139,873	0	146,617	0
New Hampshire	63,233	0	64,548	0	67,680	0
New Jersey	544,948	3	556,281	3	583,103	4
New Mexico	271,789	0	277,441	0	290,818	0
New York	2,516,837	2	2,569,176	2	2,693,053	2
North Carolina	987,176	0	1,007,704	0	1,056,292	0
North Dakota	52,889	0	53,989	0	56,592	0
Ohio	1,366,357	1	1,394,771	1	1,462,022	1
Oklahoma	509,530	0	520,126	0	545,205	0
Oregon	508,608	0	519,185	0	544,218	0
Pennsylvania	1,319,229	1	1,346,663	1	1,411,595	2
Rhode Island	88,682	0	90,506	0	94,870	0
South Carolina	610,704	0	623,404	0	653,463	0
South Dakota	73,374	0	74,900	0	78,511	0
Tennessee	1,018,813	0	1,040,000	0	1,090,145	0
Texas	3,118,842	4	3,183,700	4	3,337,208	6
Utah	160,440	0	163,777	0	171,674	0
Vermont	55,954	0	57,118	0	59,872	0
Virginia	605,243	39	617,829	40	647,619	57
Washington	643,570	0	656,953	0	688,629	0
Wisconsin	280,148	0	285,974	0	299,763	0
Wyoming	381,084	0	389,009	0	407,766	0
West Virginia	30,260	0	30,889	0	32,378	0
American Samoa	5,600	0	5,716	0	5,992	0
Freely Associated States	0	0	0	0	0	0
Guam	57,075	0	58,261	0	61,070	0
N. Mariana Islands	8,427	0	8,602	0	9,017	0
Puerto Rico	0	0	0	0	0	0
Virgin Islands	24,733	0	25,247	0	26,464	0
Indian Tribes	0	0	0	0	0	0
DOD Army/AF	0	0	0	0	0	0
Undistributed	257,707	0	0	0	0	0
<b>TOTAL</b>	<b>\$33,008,936</b>	<b>67</b>	<b>\$33,432,310</b>	<b>68</b>	<b>\$35,044,308</b>	<b>98</b>

**Food and Nutrition Service**  
**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS**  
**2006 and Estimated 2007 and 2008**

Child Nutrition						
	FY 2006 Amount	Staff Years	FY 2007 Amount	Staff Years	FY 2008 Amount	Staff Years
Alabama	\$239,304	0	\$ 248,441	0	\$260,277	0
Alaska	37,557	0	38,991	0	40,849	0
Arizona	272,458	0	282,860	0	296,336	0
Arkansas	159,516	0	165,607	0	173,497	0
California	1,575,212	12	1,635,355	12	1,713,266	13
Colorado	127,769	12	132,648	12	138,967	13
Connecticut	93,726	0	97,305	0	101,940	0
Delaware	36,597	0	37,995	0	39,805	0
District of Columbia	27,669	0	28,725	0	30,094	0
Florida	705,737	0	732,683	0	767,589	0
Georgia	543,209	15	563,949	15	590,817	16
Hawaii	44,933	0	46,648	0	48,871	0
Idaho	57,162	0	59,345	0	62,172	0
Illinois	491,297	9	510,055	9	534,355	10
Indiana	232,091	0	240,952	0	252,431	0
Iowa	110,380	0	114,594	0	120,054	0
Kansas	120,298	0	124,891	0	130,841	0
Kentucky	218,418	0	226,757	0	237,561	0
Louisiana	269,712	0	280,010	0	293,350	0
Maine	42,570	0	44,195	0	46,301	0
Maryland	171,563	2	178,113	2	186,599	2
Massachusetts	196,776	13	204,289	13	214,022	14
Michigan	311,330	1	323,217	1	338,615	1
Minnesota	194,146	1	201,558	1	211,161	1
Mississippi	214,420	0	222,607	0	233,212	0
Missouri	245,795	1	255,180	1	267,337	1
Montana	34,651	0	35,974	0	37,687	0
Nebraska	81,499	0	84,611	0	88,642	0
Nevada	72,094	0	74,847	0	78,413	0
New Hampshire	26,601	0	27,616	0	28,932	0
New Jersey	260,488	21	270,434	20	283,318	21
New Mexico	138,691	0	143,986	0	150,846	0
New York	827,681	1	859,282	1	900,220	1
North Carolina	422,907	0	439,054	0	459,971	0
North Dakota	27,790	0	28,851	0	30,225	0
Ohio	384,097	1	398,762	1	417,760	1
Oklahoma	208,844	0	216,818	0	227,148	0
Oregon	135,687	0	140,868	0	147,579	0
Pennsylvania	389,372	1	404,239	1	423,497	1
Rhode Island	36,986	0	38,398	0	40,228	0
South Carolina	221,506	0	229,964	0	240,919	0
South Dakota	35,222	0	36,567	0	38,309	0
Tennessee	280,068	0	290,761	0	304,613	0
Texas	1,437,706	15	1,492,599	15	1,563,709	16
Utah	100,800	1	104,649	1	109,635	1
Vermont	19,045	0	19,772	0	20,714	0
Virginia	237,106	51	246,159	47	257,887	49
Washington	210,752	0	218,799	0	229,223	0
Wisconsin	178,642	0	185,462	0	194,298	0
Wyoming	18,088	0	18,779	0	19,673	0
West Virginia	86,912	2	90,231	2	94,529	2
American Samoa	0	0	0	0	0	0
Freely Associated States	0	0	0	0	0	0
Guam	7,790	0	8,088	0	8,473	0
N. Mariana Islands	0	0	0	0	0	0
Puerto Rico	168,152	1	174,573	1	182,890	1
Virgin Islands	7,234	0	7,511	0	7,868	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
<b>Total</b>	<b>\$12,796,058</b>	<b>160</b>	<b>\$13,284,622</b>	<b>155</b>	<b>\$13,917,522</b>	<b>164</b>

**Food and Nutrition Service**  
**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS**  
**2006 and Estimated 2007 and 2008**

Nutrition Programs Administration						
	FY 2006 Amount	Staff Years	FY 2007 Amount	Staff Years	FY 2008 Amount	Staff Years
Alabama	\$321,018	4	\$318,756	4	\$334,708	4
Alaska	0	0	0	0	0	0
Arizona	247,388	3	245,645	3	257,938	3
Arkansas	319,280	4	317,030	4	332,896	4
California	8,228,137	80	8,170,152	76	8,579,039	76
Colorado	7,068,908	70	7,019,092	67	7,370,373	67
Connecticut	167,406	2	166,226	2	174,545	2
Delaware	0	1	0	1	0	1
District of Columbia	90,580	1	89,942	1	94,443	1
Florida	679,988	8	675,196	8	708,987	8
Georgia	7,389,108	74	7,337,035	71	7,704,229	71
Hawaii	254,741	3	252,946	3	265,605	3
Idaho	0	0	0	0	0	0
Illinois	7,389,674	86	7,337,597	82	7,704,819	82
Indiana	254,526	3	252,732	3	265,381	3
Iowa	333,161	4	330,813	4	347,369	4
Kansas	259,663	3	257,833	3	270,737	3
Kentucky	229,166	3	227,551	3	238,939	3
Louisiana	308,787	4	306,611	4	321,956	4
Maine	73,344	1	72,827	1	76,472	1
Maryland	330,460	4	328,131	4	344,553	4
Massachusetts	6,777,917	68	6,730,152	65	7,066,972	65
Michigan	703,372	9	698,415	9	733,368	9
Minnesota	1,288,231	15	1,279,152	14	1,343,169	14
Mississippi	342,682	4	340,267	4	357,296	4
Missouri	354,877	4	352,376	4	370,011	4
Montana	284,713	3	282,707	3	296,855	3
Nebraska	167,414	2	166,234	2	174,554	2
Nevada	0	0	0	0	0	0
New Hampshire	181,061	2	179,785	2	188,783	2
New Jersey	7,968,769	83	7,912,611	79	8,308,610	79
New Mexico	0	0	0	0	0	0
New York	1,611,041	19	1,599,688	18	1,679,746	18
North Carolina	355,429	4	352,924	4	370,587	4
North Dakota	169,669	2	168,473	2	176,905	2
Ohio	582,705	7	578,599	7	607,555	7
Oklahoma	72,877	1	72,363	1	75,985	1
Oregon	553,761	7	549,859	7	577,377	7
Pennsylvania	570,282	7	566,263	7	594,603	7
Rhode Island	0	0	0	0	0	0
South Carolina	408,134	5	405,258	5	425,540	5
South Dakota	89,672	1	89,040	1	93,496	1
Tennessee	317,411	4	315,174	4	330,948	4
Texas	8,076,117	85	8,019,203	81	8,420,536	81
Utah	186,427	2	185,113	2	194,377	2
Vermont	0	0	0	0	0	0
Virginia	76,169,037	486	75,953,625	460	79,754,839	460
Washington	232,405	3	230,767	3	242,316	3
Wisconsin	210,185	3	208,704	3	219,149	3
Wyoming	78,499	1	77,946	1	81,847	1
West Virginia	240,072	3	238,380	3	250,310	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	572,842	6	568,806	6	597,274	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	323,648	0	0	0	0	0
<b>TOTAL</b>	<b>142,834,584</b>	<b>1,194</b>	<b>141,828,000</b>	<b>1,141</b>	<b>148,925,999</b>	<b>1,141</b>

**Food and Nutrition Service**  
**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS**  
**2006 and Estimated 2007 and 2008**

	Total					
	FY 2006 Amount	Staff Years	FY 2007 Amount	Staff Years	FY 2008 Amount	Staff Years
Alabama	\$1,184,752	4	\$1,204,612	4	\$1,263,134	4
Alaska	133,281	0	136,705	0	143,274	0
Arizona	1,178,875	3	1,201,239	3	1,259,446	3
Arkansas	917,456	4	930,419	4	975,766	4
California	12,596,745	95	12,656,992	91	13,281,282	94
Colorado	7,544,054	85	7,506,340	82	7,881,039	85
Connecticut	521,962	2	529,785	2	555,578	2
Delaware	115,436	1	118,474	1	124,164	1
District of Columbia	235,853	1	238,717	1	250,375	1
Florida	3,142,428	8	3,201,114	8	3,356,275	8
Georgia	9,090,051	93	9,082,795	90	9,533,839	93
Hawaii	458,489	3	461,712	3	484,410	3
Idaho	165,866	0	170,309	0	178,486	0
Illinois	9,475,207	98	9,475,042	94	9,945,030	97
Indiana	1,172,115	3	1,193,438	3	1,251,306	3
Iowa	704,466	4	711,759	4	746,617	4
Kansas	585,580	3	592,620	3	621,594	3
Kentucky	1,123,020	3	1,143,790	3	1,199,227	3
Louisiana	1,657,890	4	1,688,458	4	1,770,270	4
Maine	293,475	1	298,276	1	312,766	1
Maryland	873,060	6	884,997	6	928,167	6
Massachusetts	7,436,088	84	7,405,430	81	7,774,693	83
Michigan	2,346,594	10	2,381,222	10	2,497,129	10
Minnesota	1,806,117	16	1,811,184	15	1,900,738	15
Mississippi	1,090,707	4	1,107,575	4	1,161,474	4
Missouri	1,376,020	6	1,399,028	6	1,466,982	6
Montana	417,529	3	418,886	3	439,581	3
Nebraska	387,902	2	392,724	2	411,915	2
Nevada	209,118	0	214,720	0	225,030	0
New Hampshire	270,894	2	271,949	2	285,375	2
New Jersey	8,774,206	107	8,739,327	102	9,175,031	104
New Mexico	410,480	0	421,427	0	441,664	0
New York	4,955,559	22	5,028,146	21	5,273,019	21
North Carolina	1,765,511	4	1,799,682	4	1,886,850	4
North Dakota	250,348	2	251,313	2	263,722	2
Ohio	2,333,159	9	2,372,132	9	2,487,337	9
Oklahoma	791,251	1	809,308	1	848,338	1
Oregon	1,198,056	7	1,209,911	7	1,269,174	7
Pennsylvania	2,278,883	9	2,317,165	9	2,429,695	10
Rhode Island	125,648	0	128,904	0	135,098	0
South Carolina	1,240,344	5	1,258,625	5	1,319,922	5
South Dakota	198,268	1	200,507	1	210,316	1
Tennessee	1,616,292	4	1,645,935	4	1,725,706	4
Texas	12,632,665	104	12,695,502	100	13,321,453	103
Utah	447,668	3	453,539	3	475,686	3
Vermont	74,999	0	76,890	0	80,586	0
Virginia	77,011,386	576	76,817,613	547	80,660,344	566
Washington	1,086,727	3	1,106,519	3	1,160,168	3
Wisconsin	668,975	3	680,140	3	713,210	3
Wyoming	477,671	1	485,733	1	509,286	1
West Virginia	357,244	5	359,500	5	377,218	5
American Samoa	5,600	0	5,716	0	5,992	0
Freely Associated States	0	0	0	0	0	0
Guam	64,865	0	66,349	0	69,543	0
N. Mariana Islands	8,427	0	8,602	0	9,017	0
Puerto Rico	740,994	7	743,379	7	780,163	7
Virgin Islands	31,967	0	32,758	0	34,332	0
Indian Tribes	0	0	0	0	0	0
DOD Army/AF	0	0	0	0	0	0
Undistributed	581,355	0	0	0	0	0
<b>TOTAL11</b>	<b>\$188,639,578</b>	<b>1,421</b>	<b>\$188,544,932</b>	<b>1,364</b>	<b>\$197,887,829</b>	<b>1,403</b>

## 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):

Food Stamp Program:

For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011 et seq.), \$39,838,223,000, of which \$3,000,000,000 to remain available through September 30, 2009, 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 authorized by section 16(h)(1) of the Food Stamp Act: *Provided 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.

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.

## FOOD AND NUTRITION SERVICE

Analysis of Change in AppropriationFOOD STAMP PROGRAM

Estimate, 2007 .....	\$38,161,534,000
Budget Estimate, 2008 .....	<u>39,838,223,000</u>
Increase in Appropriation .....	<u>+1,676,689,000</u>

FOOD STAMP PROGRAM – PROPOSED LEGISLATION

Budget Estimate, Current Law, 2008 .....	\$39,838,223,000
Change due to Proposed Legislation .....	<u>-12,000,000</u>
Net Request, President's 2008 Budget Request .....	<u>39,826,223,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	2007 Estimated	Pay Costs	Program Changes	2008 Estimated
Benefit Costs	\$30,445,268,000	0	\$1,484,739,000	\$31,930,007,000
Contingency Reserve	3,000,000,000	0	0	3,000,000,000
Administrative Costs:				
State Administrative Costs	2,551,000,000	0	111,000,000	2,662,000,000
Employment and Training	311,316,000	0	8,254,000	319,570,000
Other Program Costs	59,577,000	\$185,000	6,565,000	66,327,000
Total Administrative Costs	2,921,893,000	185,000	125,819,000	3,047,897,000
Nutrition Assistance for Puerto Rico	1,551,167,000		63,598,000	1,614,765,000
Food Distribution Program on Indian Reservations	77,557,000	0	2,093,000	79,650,000
TEFAP Commodities	140,000,000	0	0	140,000,000
American Samoa	6,230,000	0	255,000	6,485,000
Commonwealth of the Northern Mariana Islands	9,419,000	0	0	9,419,000
Community Food Project	5,000,000	0	0	5,000,000
Program Access	5,000,000	0	0	5,000,000
Total Appropriation	38,161,534,000	185,000	1,676,504,000	39,838,223,000
Proposed Legislation	0	0	-12,000,000	-12,000,000
Total Available or Estimated	38,161,534,000	185,000	1,664,504,000	39,826,223,000

**PROJECT STATEMENT**  
(On basis of appropriation)

Project	2006		2007		Increase or	2008	
	Actual	SY	Estimated	SY	Decrease	Estimated	SY
<b>Benefits:</b>	\$33,050,942,000		\$30,444,268,000		\$1,418,739,000 (1a)	\$31,863,007,000	
Disregard Special Military Pay for Deployed	1,000,000		1,000,000		-1,000,000 (1b)	0	
CSFP Transitional Benefits	0		0		22,000,000 (1c)	22,000,000	
Food Stamp Benefits Due to CSFP Elimination	0		0		45,000,000 (1c)	45,000,000	
<b>Administrative Costs</b>	2,510,000,000		2,551,000,000		111,000,000 (2)	2,662,000,000	
<b>Employment and Training:</b>							
Federal Funds 100%	110,000,000		110,000,000		0	110,000,000	
Federal Funds 50%	165,000,000		148,429,000		6,086,000	154,515,000	
Participant Costs 50%	53,538,000		52,887,000		2,168,000	55,055,000	
<b>Subtotal, Employment and Training</b>	<b>328,538,000</b>		<b>311,316,000</b>		<b>8,254,000 (3)</b>	<b>319,570,000</b>	
<b>Other Program Costs:</b>							
<b>Mandatory:</b>							
Benefit & Retailer Redemption and Monitoring	16,296,000		16,687,000		350,000 (4a)	17,037,000	
Certification of SSI Recipients for Food Stamps	10,010,000		10,250,000		215,000 (4b)	10,465,000	
<b>Subtotal, Mandatory</b>	<b>26,306,000</b>		<b>26,937,000</b>		<b>565,000</b>	<b>27,502,000</b>	
<b>Discretionary: 1/</b>							
Payment Accuracy and Cooperative Services	3,629,000		3,629,000		3,055,000	6,684,000	
Retailer Integrity and Trafficking	6,659,000		6,659,000		114,000	6,773,000	
Computer Support	6,975,000		6,975,000		-1,000	6,974,000	
Electronic Benefit Transfer Systems	5,428,000		5,428,000		-23,000	5,405,000	
Nutrition Education and Program Information	9,949,000		9,949,000		3,040,000	12,989,000	
<b>Subtotal, Discretionary</b>	<b>32,640,000</b>		<b>32,640,000</b>		<b>6,185,000 (4c)</b>	<b>38,825,000</b>	
<b>Total, Other Program Costs</b>	<b>58,946,000</b>	67	<b>59,577,000</b>	68	<b>6,750,000 (4)</b>	<b>66,327,000</b>	98
<b>Total, Administrative Costs</b>	<b>2,897,484,000</b>	67	<b>2,921,893,000</b>	68	<b>126,004,000</b>	<b>3,047,897,000</b>	98
<b>Contingency Reserve</b>	<b>3,000,000,000</b>		<b>3,000,000,000</b>		<b>0</b>	<b>3,000,000,000</b>	
<b>Subtotal, Food Stamp Program</b>	<b>38,949,426,000</b>	67	<b>36,367,161,000</b>	68	<b>1,610,743,000</b>	<b>37,977,904,000</b>	98
<b>Nutrition Assistance for Puerto Rico</b>	<b>1,517,776,000</b>		<b>1,551,167,000</b>		<b>63,598,000 (5)</b>	<b>1,614,765,000</b>	
<b>Food Distribution Program on Indian Reservations:</b>							
Commodities in lieu of Food Stamps	54,436,000		50,538,000		-94,000	50,444,000	
Distributing Agencies Expenses and Nut. Ed.	25,064,000		27,019,000		2,187,000	29,206,000	
<b>Subtotal, FDIPIR</b>	<b>79,500,000</b>		<b>77,557,000</b>		<b>2,093,000 (6)</b>	<b>79,650,000</b>	
<b>TEFAP Commodities</b>	<b>140,000,000</b>		<b>140,000,000</b>		<b>0</b>	<b>140,000,000</b>	
American Samoa	6,095,000		6,230,000		255,000 (7)	6,485,000	
Commonwealth of the Northern Mariana Islands	8,427,000		9,419,000		0	9,419,000	
Community Food Project	5,000,000		5,000,000		0	5,000,000	
Program Access	5,000,000		5,000,000		0	5,000,000	
<b>Total Adjusted Appropriation</b>	<b>40,711,224,000</b>	67	<b>38,161,534,000</b>	68	<b>1,676,689,000</b>	<b>39,838,223,000</b>	98
<b>Rescission 2/</b>	<b>171,000</b>		<b>0</b>		<b>0</b>	<b>0</b>	
<b>Total Appropriation</b>	<b>40,711,395,000</b>	67	<b>38,161,534,000</b>	68	<b>1,676,689,000</b>	<b>39,838,223,000</b>	98
<b>Proposed Legislation</b>	<b>0</b>		<b>0</b>		<b>-12,000,000</b>	<b>-12,000,000</b>	
<b>Total Available or Estimated</b>	<b>40,711,395,000</b>	67	<b>38,161,534,000</b>	68	<b>1,664,689,000</b>	<b>39,826,223,000</b>	98

1/ Total pay cost distribution among line items is \$209,000 in FY 2006, \$152,000 in FY 2007, and \$185,000 in FY 2008.

2/ Appropriated funds are adjusted to reflect a rescission \$171,000 in FY 2006 pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

**PROJECT STATEMENT**  
(On basis of available funds)

Project	2006		2007		Increase or Decrease	2008	
	Actual	SY	Estimated	SY		Estimated	SY
<b>Benefits:</b>	\$30,148,807,710		\$30,479,268,000		\$1,418,739,000	\$31,898,007,000	
Disregard Special Military Pay for Deployed	1,000,000		1,000,000		-1,000,000	0	
CSFP Transitional Benefits	0		0		22,000,000	22,000,000	
Food Stamp Benefits Due to CSFP Elimination	0		0		45,000,000	45,000,000	
Administrative Costs	2,454,896,461		2,551,000,000		111,000,000	2,662,000,000	
<b>Employment and Training:</b>							
Federal Funds 100%	128,527,918		114,500,000		0	114,500,000	
Federal Funds 50%	143,132,503		148,429,000		6,086,000	154,515,000	
Participant Costs 50%	51,000,000		52,887,000		2,168,000	55,055,000	
<b>Subtotal, Employment and Training</b>	<b>322,660,421</b>		<b>315,816,000</b>		<b>8,254,000</b>	<b>324,070,000</b>	
<b>Other Program Costs:</b>							
<b>Mandatory</b>							
Benefit & Retailer Redemption and Monitoring	16,138,344		16,687,000		350,000	17,037,000	
Certification of SSI Recipients for Food Stamps	8,938,952		10,250,000		215,000	10,465,000	
<b>Subtotal, Mandatory</b>	<b>25,077,296</b>		<b>26,937,000</b>		<b>565,000</b>	<b>27,502,000</b>	
<b>Discretionary: 1/</b>							
Error Reduction and Cooperative Services	3,604,154		3,629,000		3,055,000	6,684,000	
Retailer Integrity and Trafficking	6,618,728		6,659,000		114,000	6,773,000	
Computer Support	6,975,407		6,975,000		-1,000	6,974,000	
Electronic Benefit Transfer Systems	5,368,375		5,429,000		-24,000	5,405,000	
Nutrition Education and Program Information	9,900,321		9,948,000		3,041,000	12,989,000	
<b>Subtotal, Discretionary</b>	<b>32,466,985</b>		<b>32,640,000</b>		<b>6,185,000</b>	<b>38,825,000</b>	
<b>Total, Other Program Costs</b>	<b>57,544,281</b>	<b>67</b>	<b>59,577,000</b>	<b>68</b>	<b>6,750,000</b>	<b>66,327,000</b>	<b>98</b>
<b>Total, Administrative Costs</b>	<b>2,835,101,163</b>	<b>67</b>	<b>2,926,393,000</b>	<b>68</b>	<b>126,004,000</b>	<b>3,052,397,000</b>	<b>98</b>
<b>Subtotal Food Stamp Program</b>	<b>32,984,908,873</b>	<b>67</b>	<b>33,406,661,000</b>	<b>68</b>	<b>1,610,743,000</b>	<b>35,017,404,000</b>	<b>98</b>
<b>Nutrition Assistance for Puerto Rico</b>	<b>1,517,751,567</b>		<b>1,551,167,000</b>		<b>63,598,000</b>	<b>1,614,765,000</b>	
<b>Food Distribution Program on Indian Reservations:</b>							
Commodities in Lieu of Food Stamps	53,692,973		50,538,000		-94,000	50,444,000	
Distributing Agencies Expenses and Nut. Ed.	25,063,998		27,019,000		2,187,000	29,206,000	
<b>Subtotal, FDPIR</b>	<b>78,756,971</b>		<b>77,557,000</b>		<b>2,093,000</b>	<b>79,650,000</b>	
<b>TEFAP Commodities 2/</b>	<b>139,832,171</b>		<b>140,000,000</b>		<b>0</b>	<b>140,000,000</b>	
American Samoa	5,600,000		6,230,000		255,000	6,485,000	
Commonwealth of the Northern Mariana Islands	8,427,000		9,419,000		0	9,419,000	
Community Food Project	5,000,000		5,000,000		0	5,000,000	
Program Access	4,999,918		5,000,000		0	5,000,000	
<b>Total Obligations</b>	<b>34,745,276,500</b>	<b>67</b>	<b>35,201,034,000</b>	<b>68</b>	<b>1,676,689,000</b>	<b>36,877,723,000</b>	<b>98</b>
<b>Recoveries</b>	<b>-11,000,828</b>		<b>0</b>		<b>0</b>	<b>0</b>	
Unobligated Balance Start of Year	-2,042,157,900		-3,033,049,000		15,700,000	-3,017,349,000	
Unobligated Balance End of Year	3,033,049,110		3,017,349,000		-4,500,000	3,012,849,000	
Balance Lapsing	5,022,358,805		3,000,000,000		0	3,000,000,000	
Rescission Discretionary Funds 3/	171,230		0		0	0	
Rescission Employment & Training Funds 4/	11,200,000		11,200,000		-11,200,000	0	
Collections Offsetting	-23,993,109		0		0	0	
Collections from Reimbursable Obligations	-23,508,808		-35,000,000		0	-35,000,000	
<b>Total Appropriation, Current Law</b>	<b>40,711,395,000</b>	<b>67</b>	<b>38,161,534,000</b>	<b>68</b>	<b>1,676,689,000</b>	<b>39,838,223,000</b>	<b>98</b>
<b>Less Rescission</b>	<b>-171,230</b>		<b>0</b>		<b>0</b>	<b>0</b>	
<b>Total Adjusted Appropriation</b>	<b>40,711,223,770</b>	<b>67</b>	<b>38,161,534,000</b>	<b>68</b>	<b>1,676,689,000</b>	<b>39,838,223,000</b>	<b>98</b>
<b>Proposed Legislation</b>	<b>0</b>		<b>0</b>		<b>-12,000,000</b>	<b>-12,000,000</b>	
<b>Total Available or Estimate</b>	<b>40,711,223,770</b>	<b>67</b>	<b>38,161,534,000</b>	<b>68</b>	<b>1,664,689,000</b>	<b>39,826,223,000</b>	<b>98</b>

1/ Total pay cost distribution among line items is \$209,000 in FY 2006, \$152,000 in FY 2007, and \$185,000 in FY 2008.

2/ The Food Stamp appropriation request provides \$140,000,000 for The Emergency Food Assistance Program (TEFAP) for the procurement of commodities. In FY 2006 and 2007, up to \$10 million of that amount is permitted to be used for TEFAP administrative costs.

3/ Appropriated funds are adjusted to reflect a rescission of \$171,000 in FY 2006 pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

4/ Appropriated Employment & Training funds are adjusted to reflect a rescission of \$11,200,000 in available funds pursuant to Division B, Title III, Chapter 8 of P.L. 109-148.

## JUSTIFICATION OF INCREASES AND DECREASES

The FY 2008 request for the Food Stamp Program (FSP) reflects an increase of \$1,676,689,000.

(1a) An increase of \$1,417,739,000 for Benefit Costs (\$30,445,268,000 available in FY 2007).

Explanation of Change. In FY 2008, participation overall is estimated to decrease by about 0.1 million to an average level of 26.245 million participants due to improved economic conditions. This decline in participation is more than offset by an increase in the maximum allotment and the average benefit per person per month, which are estimated to be \$539 and \$101.28, respectively.

A comparison of key program performance and cost indicators for FY 2006 through 2008 is presented below:

Program Performance Cost Indicators			
Program Performance Indicators	2006 Estimate	2007 Estimate	2008 Estimate
Average participation (000)	26,73	26,33	26,24
Average unemployment rate (percent)	4.	4.	4.
Thrifty Food Plan (TFP)	\$506.80	\$518.1	\$539.5
Maximum Allotment (4 person hh)	\$506.0	\$518.0	\$539.0
Average benefit per person per month	\$94.0	\$96.4	\$101.2

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 2005 was 5.84 percent. The rate has continued to fall each year since FY 1998, when the rate was 10.69 percent. A comparison of reported overpayment/underpayment error rates for FY 2005 and estimated erroneous benefits for FY 2007 through FY 2008 follows:

	2005 Actual	2007 Target	2008 Target
Amount of Overpayments (\$ millions)	\$1,29	\$1,34	\$1,38
Overpayment Error Rate (percent)	4.5	4.4	4.3
Amount of Underpayments (\$ millions)	\$37	\$42	\$43
Underpayment Error Rate (percent)	1.3	1.3	1.3
Total Benefits Over/Under Issued in Error (\$ millions)	\$1,66	\$1,76	\$1,81
Total Error Rate (percent)	5.8	5.8	5.7
Amount of Combined Errors Offset (\$ millions)	\$91	\$92	\$94

(1b) A decrease of \$1,000,000 for the special proposal to disregarding special military pay for deployed.

Explanation of Change. Funding for this item that would not count "special" military pay for military personnel deployed to a designated combat zone is included as proposed legislation for FY 2008 (see proposed legislation on page 27-36).

- (1c) An increase of \$67,000,000 for CSFP transition and regular FSP benefits.

Explanation of Change. The 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 Food Stamp Program.

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 Food Stamp Program, whichever occurs first. The estimated cost of the transitional benefits is \$22,000,000 in FY 2008, and no cost in FY 2009. In addition, in FY 2008 an increase of \$45,000,000 in program costs is the result of former CSFP participants applying for benefits under regular program rules. This amount would increase to \$55,000,000 in FY 2009.

- (2) An increase of \$111,000,000 for State Administrative Expenses (SAE) (\$2,551,000,000 available in FY 2007).

Explanation of Change. The FY 2008 estimate of \$2,662,000,000 for SAE is based on the State obligations of \$2.5 billion in FY 2006. 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 \$2.604 billion is inflated by the State and local purchase deflator through FY 2008, the TANF offset is deducted and the estimated new performance bonus payments are added to estimate the SAE in FY 2008. A chart showing the planned program level for SAE follows:

	FY 2006	FY 2007	FY 2008
State & Local Expenditure Index	5.5%	3.7%	4.1%
Estimated Federal Obligations	\$2,604	\$2,700	\$2,811
Agriculture Research Reduction	-197	-197	-197
Performance Bonus	48	48	48
Total SAE Estimate	\$2,455	\$2,551	\$2,662

- (3) An increase of \$8,254,000 for Employment and Training (\$311,316,000 available in FY 2007).

Explanation of Change. The estimated increase is based on the following items: For FY 2008 the 50 percent State administrative costs increased to \$154,515,000, due to inflation (\$148,429,000 available in FY 2007). The 50 percent participants' dependent care and transportation costs increased to \$55,055,000 in FY 2008 due to inflation (\$52,887,000 available in FY 2007). The total estimated need for these two activities is \$209,570,000 (\$201,316,000 available in FY 2007).

- (4) An increase of \$6,750,000 for other program costs as shown below (\$59,577,000 available in FY 2007.)

Other Program Costs			
	Mandatory	Discretionary	Total Request
FY 2007 Estimate	\$26,937,000	\$32,640,000	\$59,577,000
Change	565,000	6,185,000	6,750,000
Total Request, FY 2008	27,502,000	38,825,000	66,327,000

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 \$350,000 for benefit & retailer redemption and monitoring (\$16,687,000 available in FY 2007).

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

Explanation of Change. An increase of \$215,000 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 (\$10,250,000 available in FY 2007).

**Discretionary:**

(c) An increase of \$6,185,000 for Discretionary Other Program Costs (\$32,640,000 available in FY 2007).

Explanation of Change. The increase consists of the following:

- An increase of \$185,000 to fund salaries and benefit pay costs;
- An increase of \$1,000,000 to enhance the nutritional knowledge of FDPIR participants, and foster positive lifestyle changes for eligible household members, through intensive integrated nutritional education interventions;
- An increase of \$2,000,000 to provide FSP outreach to encourage enrollment of former Commodity Supplemental Food Program (CSFP) participants in the Food Stamp Program; and
- An increase of \$3,000,000 to fund 30 staff years to assist the Food Stamp Program with enhanced program integrity.

(5) An increase of \$63,598,000 for Nutrition Assistance for Puerto Rico (\$1,551,167,000 available in FY 2007).

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 \$2,093,000 for Food Distribution Program for Indian Reservations (FDPIR) (\$77,557,000 available in FY 2007).

Explanation of Change. The increase consists of the following:

- An overall decrease of \$94,000 in funding is needed for commodity procurement resulting from higher than anticipated inventory resources (\$50,538,000 available for commodity procurement in FY 2007); and
- An increase of \$983,000 for inflation (the FY 2007 base adjusted for inflation by the State and local purchase indicator) in administrative expenses for ITOs. Also an increase of \$1,204,000 for the recent addition of Alaska ITOs into the food distribution program (\$27,019,000 available for Distributing Agency Expenses in FY 2007).

## FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

Program Performance Data	2006 Actual	2007 Estimate	Difference	2008 Estimate
<b>Resources (\$000):</b>				
Appropriations	\$79,500	\$77,557	\$2,093	\$79,650
Beginning Inventory (Federal and Local)	21,493	19,592	310	19,902
<b>Total Resources</b>	<b>100,993</b>	<b>97,149</b>	<b>2,403</b>	<b>99,552</b>
<b>Program Demand:</b>				
Average Monthly Participation	89,920	90,753	3,167	93,920
<b>Average Monthly Food Packages:</b>				
FNS Purchased	\$38.65	\$42.96	\$1.89	\$44.85
Free Substitute	2.39	0.90	0.02	0.92
<b>Total Monthly Food Package</b>	<b>41.04</b>	<b>43.86</b>	<b>1.91</b>	<b>45.77</b>
<b>Demand: (\$000)</b>				
FDPIR Food Costs <sup>1/</sup>	41,705	46,785	3,763	50,548
Commodity Purchases Admin.	443	443	11	454
Special Purchase of Bison	3,000	3,000	-3,000	0
<b>Demand, Commodities</b>	<b>45,148</b>	<b>50,228</b>	<b>774</b>	<b>51,002</b>
State Administration	25,064	27,019	2,187	29,206
<b>Total Demand</b>	<b>70,212</b>	<b>77,247</b>	<b>2,961</b>	<b>80,208</b>
<b>Use of Resources:</b>				
Program Demand	70,212	77,247	2,961	80,208
Inventory Change	-1,901	310	-868	-558
Lapsed Funds	11,189	0	0	0
<b>Total Funds Available</b>	<b>79,500</b>	<b>77,557</b>	<b>2,093</b>	<b>79,650</b>
<b>Balance End of Year:</b>				
Ending Inventory	19,592	19,902	-558	19,344
Purchases	43,247	50,538	-94	50,444

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

(7) An increase of \$255,000 for American Samoa (\$6,230,000 available in FY 2007).

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

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
CURRENT LAW**

**Program:** Food Distribution Program on Indian Reservations (FDPIR)

**Proposal:** The objective of this initiative is to increase the likelihood that FDPIR participants will make healthy food choices and choose active lifestyles consistent with the most recent advice reflected in the *Dietary Guidelines for Americans* and *MyPyramid.gov*.

This initiative will follow the model of the Food Stamp Nutrition Education Program and will incorporate the Food Stamp Nutrition Education Guiding Principles. Indian Tribal Organizations (ITO) and State agencies would submit proposals to provide nutrition education services to a targeted audience in an area not currently served by the Food Stamp Nutrition Education Program. The ITOs/State agencies may work with USDA's Cooperative State Research, Education and Extension Service, State Departments of Health or Education, State-level nutrition networks, or others offering a tested successful nutrition education program appropriate for use with FDPIR participants.

In conformance with the Food Stamp Nutrition Education Program, these proposals would emphasize:

- The use of science-based, behaviorally-focused interventions;
- Coordination and collaboration among stakeholders at the local and State level; and
- The targeting of women and children, who play key roles in family meal decisions.

In addition, special consideration will be given to culturally-based nutrition education interventions that have been shown to be effective with Native American populations. Grants would be distributed to the most promising proposals. Successful nutrition education interventions could be replicated in other FDPIR programs, subject to receipt of future funding for FDPIR nutrition education.

**Rationale:** Diet-related health conditions such as obesity, diabetes, and hypertension have reached epidemic proportions among Native Americans. FDPIR serves a significant portion of the low-income Native American population, and provides an appropriate focal point for a nutrition education effort necessary to improve the health status of Native Americans. Although FDPIR participants are eligible to participate in Food Stamp Nutrition Education activities, most do not live in areas where these activities are offered. Moreover, the current FDPIR administrative funding set aside for nutrition education provides only \$2.22 per participant per year. Therefore, targeted FDPIR-focused nutrition education programs are critically needed to assist program participants, especially those with diet-related health conditions, in making healthy food choices and positive lifestyle changes. This approach is a first step in developing a comprehensive FDPIR Nutrition Education Program that will complement the Food Stamp Nutrition Education Program and provide nutrition education services to those not able to benefit from Food Stamp Nutrition Education.

**Goals/Measures:** 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 2008
Budget Authority	1

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
CURRENT LAW**

**Program:** Food Stamp Program

**Proposal:** Provide a transitional food stamp benefit to elderly participants (age 60 or more) who are certified for the Commodity Supplemental Food Program (CSFP) but not participating in the Food Stamp Program when CSFP funding is eliminated. Provide \$2 million for food stamp outreach grants to former CSFP participants.

**Rationale:** The budget for fiscal year 2008 proposes to eliminate funding for CSFP. Many former elderly CSFP participants are likely to be eligible for food stamp benefits but not currently enrolled. This proposal makes former CSFP elderly participants who are not receiving food stamps eligible for a \$20 monthly transitional benefit until they apply for and begin to receive regular food stamp benefits, up to a maximum of 6 months.

The Food Stamp Program is the foundation of the national nutrition safety net. It is the largest nutrition assistance program serving the elderly, reaching 2.0 million elderly in fiscal year 2005. Many eligible elderly, however, remain unserved by food stamps, including some who participate in CSFP. The goal of this proposal is to encourage former CSFP elderly participants to take advantage of the food stamp benefits currently available to them.

The proposed funding for outreach will be used to inform former CSFP elderly participants about the food stamp benefits available to them. The transitional benefit will help ensure that the nutrition needs of former CSFP participants are addressed as they navigate the application process for regular food stamp benefits. Together, the transitional benefit and outreach grants will help encourage increased food stamp participation among the low-income elderly population.

This proposal would provide an estimated \$22 million in transitional benefits to 252,000 persons in FY 2008. In addition, some 92,000 persons are expected to apply for and receive regular food stamp benefits in the same year. Persons newly participating in food stamps as a result of this proposal are expected to receive about \$54 in food stamp benefits per month in FY 2008.

**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 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
<b>Discretionary Budget Authority:</b>						
Outreach Grant	2	0	0	0	0	2
Transitional Benefits	22	0	0	0	0	22
<b>Indirect Mandatory Outlays:</b>						
Food Stamp Benefits	45	55	48	44	41	233

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
CURRENT LAW**

- Program:** Food Stamp Program — Enhanced Program Integrity
- Proposal:** FNS seeks funding for additional staff to enhance integrity in the Food Stamp Program, in compliance with the President's Management Agenda.
- Rationale:** The Food Stamp Program (FSP) has made significant advances in improving payment accuracy during the past decade. In fact, the FSP error rate is at a historical low. Despite this improvement, FNS is aware that erroneous payments totaling over \$1 billion continue to occur due to a lack of staff to monitor and investigate program violations. FNS believes that it has achieved as much payment accuracy as possible with its current staffing level. To further reduce erroneous payments, an investment in additional staff is imperative. This enhanced program integrity initiative, a \$3.0 million and 30 staff years investment to improve a \$32 billion program, will result in enhanced efficiencies, favorable program outcomes, improved relations with States, and significant cost reductions in the FSP. These outcomes, when fully realized, will yield significant taxpayer savings. For example, a modest ½ of one percent decrease in the over payment error rate would save \$159 million per year.

Due to the FNS policy of sharing stewardship responsibilities with State and local partners, resources are needed to evaluate State performance and offer counsel and technical assistance to States. State agencies themselves face increasing challenges in finding sufficient resources to manage Federal program operations. While essential services have not been curtailed, fewer State workers are now managing staggering caseloads. Increased caseloads result in an increased risk of errors, which may result in more erroneous payments.

Efforts will be directed toward the prevention of erroneous payments, increased investigative oversight and compliance activities, and enhanced oversight of State and local program administration. The new staff will work toward increasing the Food Stamp Payment Accuracy Rate by focusing on States with the highest error rates.

The specific strategies include:

Prevent erroneous payments (13 staff years)

Additional staff will work directly with State and local administrators to aid in the early diagnosis of problems, disseminate effective program improvement strategies, facilitate effective partnering among regions, States and local agencies, and provide technical assistance targeted at prevention and correction of problems.

FNS regional offices work directly with States to assist them in developing effective corrective action strategies to reduce payment errors. A small decrease in the national overpayment error rate translates into significant Federal savings. Regional offices provide technical assistance to States in the form of:

- data analysis;
- policy interpretation;
- development of training;
- review and monitoring of corrective action plans;
- development of error reduction and corrective action strategies;
- participation on boards and in working groups; and

- hosting, attending and supporting annual payment accuracy conferences.

With additional staff the technical assistance provided to States can be expanded.

Maintain Quality Control (QC) system integrity (one staff year)

One additional staff member will work to sustain the integrity of the QC system and examine new ways to further QC analysis and other data mining initiatives to enhance payment accuracy and early error detection. The QC system scientifically measures over and underpayments of food stamp benefits by States. It is important that the operation of the QC system remain accurate and legally defensible. However, this remains a difficult goal to attain without additional resources devoted to the task.

Increase investigative oversight and compliance activities (15 staff years)

Additional staff will perform investigations where needed and take direct compliance action where data alone supports such action. Additional staff will also analyze data to target potential violators, make improvements to analytic tools, improve upon existing investigative techniques and encourage the development of new techniques. The FNS Retailer Investigations Branch (RIB) conducts on-site investigations of retailers suspected of trafficking food stamps for cash or accepting benefits for unapproved or non-food items.

As of September 30, 2006, approximately 162,015 stores were authorized to participate in the FSP. An increase of only 12 investigators would boost the total number of investigations by 1,260 from current levels of 4,400. Based on past experience, roughly 40 percent of the investigations would ultimately identify compliance problems. We would expect, therefore, that the new investigators would uncover an additional 500 stores in violation each year. Of these, 85 would be trafficking stores. Historical data indicates that the 500 stores to be removed from the program would have redeemed nearly \$78 million per year in benefits. These estimates do not include additional stores that would be removed from the program based solely on the analysis of data generated from Electronic Benefit Transfer (EBT) transactions.

The application of EBT makes available an immense amount of specific food stamp transaction data from individual retailers. FNS has developed an automated system (ALERT) that conducts preliminary analysis of over 90 million EBT transactions per month in order to identify retailers with suspicious patterns of transactions. FNS staff then perform further analysis and review, which can result in requests for on-site investigations of stores or the direct sanctioning of stores based on particularly egregious redemption patterns. The agency has never received additional staff to mine this wealth of data and has had to conduct these activities through a limited diversion of ever-reduced staff available for the retailer compliance function. Even so, the information obtained from ALERT has enabled FNS to directly sanction (disqualify or fine) hundreds of retailers on the basis of EBT transaction analysis alone. Numerous others were identified for on-site undercover investigation. The commitment of additional staff to this activity will increase these results appreciably.

Improve oversight of State and local program administration (one staff year plus effort devoted to preventing erroneous payments above)

Additional staff will conduct reviews of State and local operations and provide technical assistance based on those findings. Staff will work to develop partnerships with States to:

- conduct on-site and analytical evaluations of State and local office performance; assure compliance with program rules;
- recommend improvements in office procedures, provide advice, concurrence and accountability oversight for corrective action plans;
- identify State, regional and national trends; and
- develop and disseminate best practices.

Reviews would assure compliance with all components of program operations with an emphasis on vulnerabilities that are not addressed by the QC system including:

- timeliness of application processing, referrals among programs;
- establishment of recipient claims;
- conduct of fair hearings;
- adequacy of case file documentation;
- compliance with bilingual rules; and
- effectiveness of employment and training program operations, policy dissemination and training, nutrition education activities and State oversight responsibilities.

The scope of each individual review would be determined based upon knowledge of State and local operations. Additional reviews and technical assistance will result in increased compliance with program rules, improved accountability, potential administrative efficiencies and a reduction of barriers that have prevented eligible people from getting the assistance they need.

An increase in overall staffing levels will also allow for a greater percentage of employees to work with States to ensure that meaningful corrective actions are taken when deficiencies are identified. Review findings will be more informative and there will be improved follow-up to ensure identified problems are resolved. Currently, FNS is only able to devote 26 staff years to oversight of State and local operations in all 50 States. The 2008 budget seeks to increase this staffing level by an additional 14 staff, of which 12 would be located in the agency's regional offices.

**Goal:** Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service.

**Budget Impact:**  
(\$ in millions)

	FY 2008
Budget Authority	3
Staff Years	30

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
CURRENT LAW**

**Program:** Food Stamp Program

**Proposal:** Provide such sums as necessary to fund program benefits and payments to States in the last four months of the fiscal year if program needs exceed the anticipated level.

**Rationale:** The President's Budget proposes indefinite authority in the Food Stamp Program to ensure that sufficient resources are always available to serve all eligible persons who apply for benefits. This form of appropriation would eliminate the need for a contingency reserve, the size of which must be determined annually and which could be insufficient if unforeseen circumstances cause program needs to significantly exceed budget estimates. This proposal would bring the structure of this critical program in line with other major entitlement programs that already have indefinite authority.

**Goals/Measures:** USDA Strategic Goal 5: Improve the Nation's Nutrition and Health; Objective 5. 1: Ensure Access to Nutritious Food.

**Budget Impact:**  
(\$ in millions)

	FY 2008
Budget Authority	0

**FOOD STAMP PROGRAM****Summary of Increases and Decreases – Proposed Legislation**  
**On basis of adjusted appropriation**

Item of Change	Fiscal Year 2008		
	Current Law	Program Change	Budget Request
Benefits	\$31,930,007,000	-\$12,000,000	\$31,918,007,000
Contingency Reserve	3,000,000,000	0	3,000,000,000
Administrative Costs:			
State Administrative Costs	2,662,000,000	0	2,662,000,000
Employment and Training	319,570,000	0	319,570,000
Other Program Costs	66,327,000	0	66,327,000
Subtotal, Administrative Costs	3,047,897,000	0	3,047,897,000
Nutrition Assistance for Puerto Rico	1,614,765,000	0	1,614,765,000
Food Distribution Program on Indian Reservations	79,650,000	0	79,650,000
TEFAP Commodities	140,000,000	0	140,000,000
American Samoa	6,485,000	0	6,485,000
Commonwealth of the Northern Mariana Islands	9,419,000	0	9,419,000
Community Food Project	5,000,000	0	5,000,000
Program Access	5,000,000	0	5,000,000
Total Available	39,838,223,000	-12,000,000	39,826,223,000

**FOOD STAMP PROGRAM****Summary of Proposed Legislation**

Proposed Legislation Budget Authority (in millions)						
Proposed Legislation	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Do not count "special" military pay	\$1	\$1	\$1	\$1	\$1	\$5
Exclude retirement savings from the asset test	43	89	136	139	142	549
Restrict categorical eligibility to receipt of cash assistance	-57	-118	-120	-123	-125	-543
Exclude education savings from countable resources	1	1	2	2	2	8
Total, Legislative Proposals	-12	-27	19	19	20	19

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
PROPOSED LEGISLATION**

**Program:** Food Stamp Program

**Proposal:** Do not count "special" military pay for military personnel deployed to a designated combat zone, if the pay was not received immediately prior to deployment.

**Rationale:** The Food Stamp Act requires that all military pay be counted as earned income in determining a household's eligibility and benefit levels. Some individuals receive special pay and compensation for combat or hazardous duty. This additional income could reduce their family's benefits or make them ineligible. The Agricultural Appropriations Act of FY 2006 excludes this income from food stamp benefit calculations. To support the country's servicemen (and their families) who are most at risk, this income should continue to be excluded from the calculation of eligibility and benefit level. This proposal would help more than 1,000 military families in FY 2008 with an average monthly benefit of \$108 per month.

**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 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Budget Authority	1	1	1	1	1	5

Note: Costs assume levels of combat and hazardous pay comparable to current levels.

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
PROPOSED LEGISLATION**

**Program:** Food Stamp Program

**Proposal:** Exclude retirement savings from the asset test.

**Rationale:** Current policy excludes most retirement savings plans from the food stamp resource test. The 2002 Farm Security and Rural Investment Act allowed States to exclude other qualified retirement savings – including Individual Retirement Accounts, Simplified Employer Pension Plans, and some Keogh plans – if their TANF rules excluded such savings. Three States – Illinois, Ohio and Pennsylvania – adopted the option to exclude these additional retirement savings. This proposal extends this provision to all States, regardless of their TANF treatment of retirement savings.

Withdrawals from many retirement savings accounts before age 59 result in monetary penalties, since these accounts are earmarked for retirement. Excluding such savings from the resource test allows those workers who experience hard times to receive food stamps without having to draw down retirement savings prematurely. This policy allows them to maintain ownership of their retirement assets, preserving their stake in America's future.

When fully implemented in FY 2010, this proposal will increase food stamp participation by 97,000 people with an average monthly benefit of \$117. The majority of newly-eligible participants will be in families with workers and families with children. Almost all of these households are headed by an adult of working age. These are individuals who are saving for retirement to reduce their burden on society during their old age, but have fallen on hard times.

**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 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Budget Authority	43	89	136	139	142	549

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
PROPOSED LEGISLATION**

- Program:** Food Stamp Program
- Proposal:** Restrict categorical eligibility to receipt of cash assistance through the TANF or SSI programs.
- Rationale:** Categorical eligibility allows persons to be eligible for food stamps after they have passed income and asset tests in other programs with similar rigor to food stamp standards. In July 1999, USDA allowed States to expand categorical eligibility to receipt of TANF funded services. By 2006, 37 States had adopted expanded categorical eligibility based on TANF funded services ranging from child care assistance to job retention training to information and referral services (including the distribution of pamphlets published with TANF funds). While some of these services include income or asset tests, others do not. The result is that food stamp eligibility has been extended to some persons who do not meet the food stamp income and asset requirements.
- Expanded categorical eligibility was intended to be a tool to make it easier for people to own a reliable car and receive food stamps as they move toward self sufficiency. With the expansions of vehicle policy since July 1999, however, expanded categorical eligibility is less crucial.
- This proposal would make about 329,000 persons ineligible for food stamps when fully implemented in FY 2009. Each person would lose an average of \$30 in monthly food stamp benefits. Most of the impact would be concentrated in the few States with the most expansive categorical eligibility policies. All persons affected have income or assets above the food stamp limits.
- Goals:** 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	FY 2009	FY 2010	FY 2011	FY 2012	Total
Budget Authority	-57	-118	-120	-123	-125	-543
NSLP/SBP Interaction	-8	-16	-16	-16	-16	-72

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
PROPOSED LEGISLATION**

**Program:** Food Stamp Program

**Proposal:** Exclude from countable resources the value of IRS-approved college savings plans.

**Rationale:** The Food Stamp Act does not specifically address education savings accounts. Currently, if a State's TANF or Medicaid program excludes these accounts the State may also exclude these accounts from the food stamp resource test. In other cases, a decision must be made about the account's accessibility. If the account is determined to be inaccessible, it is excluded as a resource. Otherwise, the value of the account is counted against the household's resource limit.

This proposal will 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 their children's future even if they have a temporary need for food stamps.

This proposal costs \$1 million in fiscal year 2008 and \$8 million over five years. It would bring about 1,000 individuals onto the program when fully implemented.

**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 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Budget Authority	1	1	2	2	2	8

## FOOD STAMP PROGRAM

### STATUS OF PROGRAM

#### Program Mission

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).

The 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.

#### 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, the suggested names were narrowed down to three. The names to be forwarded for consideration by Congress are: 1) Food and Nutrition Program; 2) Nutrition Assurance Program; and 3) Food Support Program.

#### Program Participation

FSP participation for FY 2006 averaged 26.7 million, rising for the sixth year after six years of declines between FY 1994 and FY 2000. Participation was 4.2 percent higher than the previous year, and nearly 56 percent higher than it was in 2000. The increase reflects the impact of changing economic conditions, Federal and State efforts to improve program access through policy and practice, and additional participation resulting from major hurricane disasters.

The following table displays data on benefit costs and participation for FYs 1999 through 2006:

Food Stamp Program	1999	2000	2001	2002	2003	2004	2005	2006
Avg. Participation (Million)	18.19	17.16	17.31	19.09	21.26	23.85	25.67	26.74
Benefit Costs (Billion)	\$15.78	\$14.99	\$15.55	\$18.26	\$21.41	\$24.63	\$28.57	\$30.17
Average/Person/Month	\$72.29	\$72.77	\$74.83	\$79.68	\$83.93	\$86.03	\$92.72	\$94.04
% Of Population Participating	6.7	6.3	6.3	6.7	7.3	8.1	8.7	8.8
Persons Unemployed (In Millions)	6.0	5.7	6.8	8.2	8.8	8.1	7.7	7.2

**Characteristics of Food Stamp Recipients** - The most recent survey of household characteristics, conducted during 2005, indicates that:

- 58 percent of all participants were children (under 18 years of age) or elderly (age 60 or older);
- The gross income of 89 percent of households was below the Federal poverty level;
- 40 percent of households were at or below 50 percent of poverty;
- Approximately 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	1999	2000	2001	2002	2003	2004	2005
<b>Recipients:</b>							
Average Number (in Millions)	18.1	17.2	17.3	19.0	20.9	23.5	24.9
% Children	51.5	53.9	53.6	51.0	50.8	50.2	50.0
% Elderly	9.4	10.0	9.6	8.9	8.5	8.2	8.2
% Registered for Work	8	8	8	9	9	9	9
Average Household Size	2.4	2.3	2.3	2.3	2.3	2.3	2.3
<b>Households:</b>							
Average Number (in Millions)	7.7	7.3	7.5	8.2	9.0	10.1	10.9
% Receiving Maximum Benefit	21	20	22	24	26	31	31
% Headed by Women	73	73	72	71	72	72	71
% Certified 12 Months or More	57	56	57	54	53	53	55
% With Earned Income	27	27	27	28	28	29	29
% With AFDC/TANF	27	26	23	21	17	16	15
Average Gross Monthly Income	\$603	\$620	\$624	\$633	\$640	\$643	\$648
Average Net Monthly Income	\$338	\$355	\$353	\$355	\$348	\$321	\$319
% With Zero Gross Income	9	8	9	11	12	13	14
% With Zero Net Income	21	20	22	24	26	29	30
% With Gross Monthly Incomes Less than \$400	27	25	27	28	29	30	30
% With No Countable Assets	68	66	68	69	70	69	70
% With Countable Assets of \$1 to \$500	22	22	21	22	21	22	22
Average Countable Assets	\$142	\$156	\$148	\$134	\$154	\$143	\$137
Average Countable Assets in Households with Elderly Members	\$245	\$275	\$273	\$264	\$347	\$293	\$279
% Below Poverty Level	89	89	89	88	88	88	89
% Below 50% Poverty Level	35	33	34	36	38	40	40
Average Shelter Deduction	\$113	\$111	\$123	\$131	\$146	\$178	\$186
Average Shelter Expense	\$310	\$310	\$366	\$339	\$366	\$405	\$416
% at Shelter Cap	11	10	10	9	10	13	14

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

## **General Activities**

### **Significant Regulations Issued in Fiscal Year 2006**

- On June 9, 2006, FNS published a final rule, Food Stamp Program: Employment and Training Program Provisions of the Farm Security and Rural Investment Act of 2002, which establishes a reasonable formula for allocating the 100 percent Federal employment and training (E&T) grant each fiscal year. This final rule also makes available up to \$20 million a year in additional unmatched Federal E&T funds to State agencies that commit to offer an education/training or workfare opportunity to every food stamp applicant and recipient who is an able-bodied adult without dependents limited to 3 months of food stamp eligibility in a 36-month period who would otherwise be terminated. The final rule also eliminates the Federal cost-sharing cap of \$25 per month on the amount State agencies may reimburse E&T participants for work expenses.
- The final rule, Food Stamp Program: Civil Rights Data Collection, was published on May 18, 2006. This rule implements the revised collection and reporting of racial/ethnic data by State agencies on persons receiving FSP benefits. The changes comply with data collection standards issued by OMB while also providing regulatory flexibility and reform for this area of the program regulations. Under the new provisions, applicants may identify both their ethnicity and their race, and will be allowed to choose more than one race. State and local agencies will be required to report counts for the new categories. The new reporting will begin in FY 2007.

### **Program Assessment**

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**

Up to \$5 million is authorized for each of fiscal years 2003 through 2007 for projects to improve access for food stamp eligible households or to develop and implement simplified application and eligibility systems. For fiscal year 2006, FNS awarded five grants:

- **State Information Technology Consortium (SITC)**, in partnership with the Virginia Department of Social Services (DSS), the Virginia Legal Aid Society, the Virginia Department for the Aging and its local Meals on Wheels organizations received \$999,993 to develop an automated, joint food stamp and Meals on Wheels application that can be used at clients' homes with mobile technology. It will also develop an XML Web service that takes data from Legal Aid's phone and online database intake process, uses it to populate a food stamp application, and routes the application to the appropriate local DSS office.
- **San Francisco Human Services Agency**, in partnership with various community-based and faith-based organizations, received \$1 million to establish a phone bank, a Web-based screening and application tool, and remote enrollment and recertification sites in neighborhoods throughout the city. The phone bank will provide recertification services to on-going participants, and information, pre-screening, and application services to potential participants. The Web-based screening and application tool will allow individuals to submit an application on-line. The remote enrollment centers will be supplied with computers, Web-cams, fax machines and scanners so applicants/recipients can complete the entire application/recertification process from these remote locations, including the face-to-face interview.

- **The Georgia Department of Human Resources**, in partnership with GeorgiaCares, a program of the Division of Aging Services, and Christ Lutheran Church, a faith-based organization, will receive \$1 million to create a Web-based food stamp application system. This system will allow customers to pre-screen themselves for eligibility, to submit applications directly on line, and to submit change reports via email. This new system will also enable eligibility workers to transfer cases across county lines. GeorgiaCares will do outreach to seniors and help individuals apply for food stamps at the same time they apply for Medicare Part D. Christ Lutheran Church and other community and faith-based organizations will distribute informational materials, provide access to the Web link, and assist individuals with the application process if necessary.
- **Angel Food Ministries (AFM)**, with the endorsement of the Alabama State Agency, received \$999,925 to place computers and point of sale devices at 50 AFM sites. AFM is a non-profit grocery relief provider and authorized food stamp retailer that assists up to 1 million people a month in 32 States by selling high quality groceries worth up to \$75 for a set fee of \$25. The computers will be loaded with USDA's pre-screening tool, a printable version of the State agency's food stamp application, a list of verification requirements, and information about other community resources. Individuals can prescreen themselves, fill out and print a food stamp application, and research other forms of assistance. Volunteers at these sites will be available to assist individuals with filling out the application and delivering it to the appropriate food stamp office. AFM will also place point of sale technology at these sites, which will allow recipients to use their EBT cards to purchase groceries from AFM at a reduced rate.
- **California Statewide Automated Welfare Systems (SAWS) C-IV Project**, which includes Merced, Riverside, San Bernardino, and Stanislaus counties, in partnership with various community based organizations, received \$1 million to develop a program that will allow individuals to apply for food stamps over the Internet. The "C-IV Yourself" project will also generate a list of needed verifications. Individuals will be able to access their personal information with the use of a Personal Identification Number (PIN). Community based organizations will do outreach, marketing and application assistance.

#### **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 new performance system replaced the former Quality Control (QC) liabilities and enhanced funding system, which provided incentives and liabilities to encourage payment accuracy, but focused solely on error rates. The new 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 new 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 as discussed in final rulemaking published in January 2005. The first bonuses for performance in 2003 were awarded in September 2004. FNS published a proposed rulemaking in December 2003, regarding the criteria for bonus awards for FY 2005 and succeeding years. The final rulemaking was published in January 2005.

The bonuses for performance in 2005 were awarded in September 2006. The following States received awards:

<u>Best Payment Error Rates</u>		<u>Best Application Processing Timelines</u>	
South Dakota	\$528,745	Massachusetts	\$1,092,542
Virgin Islands	\$188,353	North Carolina	\$2,035,244
Washington	\$4,882,475	District of Columbia	\$350,003
Nevada	\$1,146,492	Kentucky	\$1,484,700
North Carolina	\$6,648,522	West Virginia	\$742,671
North Dakota	\$460,933	Montana	\$294,840
Alabama	\$4,336,006		
Massachusetts	\$3,458,588		
Montana	\$759,304		
Kansas	\$1,590,582		

<u>Most Improved Payment Error Rates*</u>		<u>Most Improved Program Access Index</u>	
Washington	Included in "Best" above	Washington	\$1,192,325
Nevada	Included in "Best" above	Illinois	\$2,366,422
Alabama	Included in "Best" above	New York	\$4,088,410
		Iowa	\$490,498

<u>Best Negative Error Rates</u>		<u>Best Program Access Index</u>	
Nebraska	\$1,063,944	Missouri	\$1,399,616
South Dakota	\$533,894	District of Columbia	\$293,222
Minnesota	\$2,500,737	Maine	\$440,475
Montana	\$767,222	Tennessee	\$1,729,032

<u>Most Improved Negative Error Rates</u>	
Delaware	\$602,771
Vermont	\$531,432

\* Recognition is received for "Most Improved Payment Error Rates" that are also included in the "Best Payment Error Rate".

### **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. Over \$89.1 million in delinquent food stamp debt was collected through TOP in calendar year 2006. About \$895.4 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 their FSP 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.

### **Verifying Citizenship**

Section 6036 of the Deficit Reduction Act of 2005, requires individuals to provide satisfactory documentary evidence of citizenship or nationality when initially applying for Medicaid or upon a recipient's first Medicaid re-determination. The FSP requires documentation of American citizenship only when it is questionable (verification of alienage is always required before a State approves a food stamp application).

The Department worked with CMS to accommodate the Medicaid Program's new requirements in this area. The Department explained to our State agencies that the absence of documentation for Medicaid does not, by itself, make a statement of American citizenship questionable for the FSP. This resolution of a difference in programmatic requirements will enable both programs to apply our separate requirements.

### **Direct Certification of Children for Free Meals in Schools**

Children who receive food stamps are automatically eligible for free meals in schools. Through matching or a paper-based method, a school system obtains the names of these children and directly certifies them for free meals without making their families apply. Direct Certification has been optional for schools for many years; currently most school children in the United States attend school where Direct Certification occurs. The Child Nutrition and WIC Reauthorization Act of 2004 requires all schools that offer free meals to use Direct Certification, and requires all State welfare agencies to provide the relevant FSP information to these schools.

Direct Certification became mandatory on July 1, 2006, for the Nation's largest school districts, those that had at least 25,000 students in the 2005-2006 school year. It appears that these school districts have encountered no problems in meeting this deadline. Direct Certification will become mandatory by July 1, 2008, for smaller school districts.

### **Food Stamp Program Outreach**

Working to increase the participation of the food stamp eligible population is a key part of achieving program nutritional objectives. FNS implements outreach activities to educate potentially eligible low-income people about the nutrition assistance and work 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 and work support 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 2006, three English language radio advertisements targeting working poor and elderly audiences aired during March, April, July and August in 35 media markets and on two State-wide radio networks, reaching low-income audiences for all four months. Twelve of the locations also featured two 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 seen and 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, increased approximately 300 percent over the same period before advertising began in 2003. The remaining markets used State-specific toll-free numbers.

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. The toolkits also include electronic files of FNS outreach materials that can be reproduced locally. Ready-to-use and customizable materials enable States and faith-based and community organizations to conserve scarce resources. Both toolkits are online for downloading and will be updated as needed. Users can download the entire toolkit, or specific chapters.

Work was also completed on an informational video that demonstrates how eligibility workers and community partners can work together to help enroll eligible people in the FSP. The video can be viewed online on the FNS Web site, and a copy will be included in every hard copy toolkit.

FNS produced and aired a 30 second Spanish language television ad in FY 2006. The ad was focus tested with Spanish speakers. The ad aired during Hispanic Heritage Month in nine media markets, and clearly increased requests for Spanish information packets via the national toll free number, which was used in seven of the nine markets. During the television advertising period, more than 11,100 Spanish packets were mailed to callers. For comparison, during a similar period of time when no advertising was aired, approximately 300 Spanish packets were mailed. More than eighty percent of those who requested packets during the television advertising period mentioned the television advertisement as their referral source.

Two Spanish language public service announcements (PSAs) for State and local use were posted on the FNS Web site. Two new English PSAs were also added to the site, bringing the total to six English PSAs for State and local use.

- **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 2006, nearly 100,000 packets of information were distributed to toll-free number callers.
- **Outreach Grants:** In FY 2006, fifteen 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. In order to reach new populations of food stamp eligible low-income people, FNS made extensive efforts with this competition to simplify the application process and publicize the competition to organizations new to outreach and new to the Federal grants process. These grant awards are similar to those awarded in FY’s 2001, 2002, 2004 and 2005. Grants were awarded to:
  - Catholic Charities, Inc. (Wichita, KS)
  - East Arkansas Family Health Center (West Memphis, AR)
  - Families Under Urban and Social Attack, Inc. (Houston, TX)
  - FoodBank of Monmouth and Ocean Counties (Neptune, NJ)
  - Genesys Health System (Grand Blanc, MI)
  - Greater Waterbury Interfaith Ministries, Inc. (Waterbury, CT)
  - Inter-Cultural Family Health Education Center, Inc. (West Palm Beach, FL)
  - Louisville/Jefferson County Metro Government (Louisville, KY)
  - Montana Food Bank Network, Inc. (Missoula, MT)
  - New Hampshire Housing Finance Authority (Bedford, NH)
  - PathWaysPA (Holmes, PA)
  - Salvation Army (Roseville, MN)
  - Special Services for Groups (Los Angeles, CA)
  - Structured Employment Economic Development Corporation (SEEDCO), (New York, NY)
  - United Way of Tucson and Southern Arizona, (Tucson, AZ)

- *“Business Case” Materials:* FNS finalized 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. The information packet included an analysis of food stamp participation data to determine the increase in the dollar value of food stamp benefits and the community economic impact from a five percentage point increase in food stamp participation in each State and nationwide. A customized business packet was sent to each State by the FNS regional offices in early 2006. The national version was posted on the FNS Web site.
- *Pre-screening Tool:* The English and Spanish versions of the online pre-screening tool were maintained in FY 2006. 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](http://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 2006, more than 3.5 million pieces of educational material were distributed.
- *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 (<http://www.fns.usda.gov/fsp/outreach/translations.htm>.) 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:* 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 FY 2006, FNS began distribution of a monthly message to the distribution list to highlight outreach materials available from FNS that members might not know about.

Under the aegis of the coalition, the second 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 first Golden Grocer award was 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. At the end of FY 2006, 23 States had approved outreach plans, and an additional 17 States also performed outreach activities.
- *Retailers:* FNS has introduced an FSP outreach toolkit for retailers. This toolkit contains vital information and resources retailers may use to plan outreach events, encourage enrollment in the FSP, and strengthen food stamp sales. Retailers are uniquely positioned to assist in sharing information about FSP eligibility. Retailers continue to distribute program materials and held in-store promotions and events directed at potentially eligible individuals at various locations across the nation.

### **Improving Food Stamp Application Forms**

In 2003, FNS signed a four year contract with the Kleimann Communication Group, Inc. (KCG), a Washington-based firm that specializes in designing public documents, to provide technical assistance in improving their food stamp application forms to State agencies (at no cost to the State). By the end of the contract, KCG will have worked with 32 States to make their forms more user-friendly, easier to read, with

simpler organization and clearer directions. KCG also produced a *Guide to Assessing Food Stamp Application Forms* to help States spot communication problems in their forms and take corrective action.

### **State Modernization Initiatives**

An increasing number of States are looking at innovative approaches to improve their efficiency and effectiveness in administering the FSP. Five common strategies being utilized are: implementing policy options and waivers to simplify the program; restructuring administrative functions, including the use of call centers; enhancing the use of technology, including accepting program applications over the Internet; contracting with commercial businesses to perform a variety of program support functions; and partnering with non-profit community organizations to improve and expand program access.

FNS, in partnership with other Federal agencies that have oversight responsibility for programs such as Medicaid and Temporary Assistance for Needy Families (TANF), has been working closely with States who have undertaken large-scale changes to their program delivery systems. Over the past few years, FNS spent a considerable amount of time working with the States of Florida, Texas and Indiana, among others, to ensure that their plans are in compliance with Federal requirements and that appropriate oversight is provided when Federal Financial Participation is requested for system development. Much of the work in this area involved the Advance Planning Document process, which is a requirement for information technology (IT) procurements greater than \$5 million. The work involved in reviewing the IT procurement documents is extensive and requires coordination with FSP staff as to certification requirements, dealing with State and county staff, and timeliness of processing requirements. Finally, the allocation of costs between all the State and local participating programs is an extensive use of resources, requiring both cost accounting and coordination between the various State and Federal agencies. Modernization is currently happening in three States (Florida, Texas and Indiana) and is planned in a number of other States, including Kentucky and North Carolina.

### **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 to the program that these tools be up to date and reflect the most current science on human nutrition. Effective FSP nutrition education supports the FNS goal of improving scores on the Healthy Eating Index for low-income Americans.

States have the option of providing nutrition education to food stamp recipients as part of their program operations. FNS staff review and approve annual FSNE plans submitted by State agencies that chose to participate. These plans outline the States' activities and budget for the following year. USDA reimburses 50 percent of the allowable administrative costs for these activities.

Although nutrition education has been a part of the FSP since the Food Stamp Act of 1964, the effort was not initially large. 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 2006, approved Federal funds totaled over \$247 million with 52 State agencies providing FSNE.

Specific activities in FY 2006 included:

- *FSNE State Plan Guidance:* In February 2006, FNS revised and issued updated policy guidance to help States develop FY 2007 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 guidance can be accessed at: [www.nal.usda.gov/foodstamp](http://www.nal.usda.gov/foodstamp).
- *Food Stamp Nutrition Connection Web Site:* The FSP continues to offer the Food Stamp Nutrition Connection (FSNC) as an online resource system designed to facilitate communication

and resource sharing among FSNE providers. The site can be accessed on the USDA Web site at <http://www.nal.usda.gov/foodstamp>. This project is funded by FNS and maintained at the USDA Agricultural Research Service's National Library in collaboration with the University of Maryland and Howard University.

- *Food Stamp Nutrition Connection Photo Gallery*: The FSP continues to offer and upgrade 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](http://foodstamp.nal.usda.gov/foodstamp/photo_gallery.php).
- *Food Stamp Nutrition Connection Recipe Finder Database*: The FSP has continued to improve 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>.
- *FSNE Studies*: FNS completed a study in FY 2006 providing a comprehensive and systematic picture of FSNE operations among State food stamp agencies, FSNE implementing agencies, and local FSNE projects. The report is available at: [www.fns.usda.gov/oane/menu/published/nutritioneducation/nuted.htm](http://www.fns.usda.gov/oane/menu/published/nutritioneducation/nuted.htm)
- *FSNE Reporting System*: FNS is collaborating with a variety of stakeholders representing State, local and academic partners in the development of an Education and Administrative Reporting System for FSNE. The uniform data collected using this new system will inform management decisions, support policy initiatives, and provide documentation for legislative, budget and other requests that support planning within FNS. Plans for training and implementation started in FY 2006.
- *FSNE Material Development*: The FSP continues to develop and provide materials for use by States in nutrition education efforts targeting key FSP populations (adults with limited literacy skills, Spanish speaking adults, elderly persons, parents of young children, and children ages 8-12 years). Current projects include:
  - "Loving Your Family, Feeding Their Future—Nutrition Education through the Food Stamp Program": This is a comprehensive *Dietary Guidelines for Americans* nutrition education program targeting low-literacy and Spanish-language populations using a social marketing approach. An online module will be available for training nutrition educators on how to use the materials. Development of the materials was completed in FY 2006, and printing, training and distribution will be completed in FY 2007. Materials include:
    - a promotional brochure to make the connection between food stamp benefits and the availability of nutrition education services, showing how the two work together to assist families in being healthier, and to promote and support the roles of food stamp program staff and nutrition educators;
    - participant materials, including "The Healthy Family Guidebook," an easy to read guide based on MyPyramid, with recipes, tips on purchasing low cost healthy foods, getting children to eat fruits and vegetables, and making physical activity a part of their daily routine; and
    - staff - support materials, including an Educator's Handbook for nutrition educators, four lesson plans and participant handouts.

- **Eat Smart. Play Hard.™:** During FY 2006, the FSP continued to provide staff and resources to support the 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. States continue to provide the ESPH messages to FSP participants and eligible low-income people through multiple channels, including the use of the Power Panther™ spokes-character. The ESPH materials target 8-12 year olds.
- **Materials for Older Persons:** In FY 2006, FNS continued work on an intervention and accompanying staff guidance focused on increasing fruit and vegetable consumption and physical activity among low-income adults aged 60-74 years old. The project will include four fun, interactive 30 minute sessions to help adopt two key behaviors that will improve older adults' health and quality of life.
- **2005 National Nutrition Education Conference Proceeding:** The FSP released a public document that outlined the proceedings of the second National FNS Nutrition Education Conference, "Nutrition Connections: People, Programs, Science, Community", held September 12-14, 2005.

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

CAP demonstration projects improve the delivery of food assistance to elderly and disabled Supplemental Security Income (SSI) recipients. The projects streamline the food stamp application process for SSI recipients through increased automation and standardization of some program parameters, and eliminate the need for face-to face interviews with FSP staff (unless warranted by special circumstances). They have successfully extended nutrition assistance to many unserved elderly and disabled persons. FNS is currently working with several States in various stages of operation.

##### **Current CAP projects and year implemented:**

- South Carolina Combined Application Project (SCCAP) 1995
- Mississippi Combined Application Project (MSCAP) 2001
- Washington State Combined Application Project (WASHCAP) 2001
- Texas Simplified Assistance Program (SNAP) 2002
- New York State Nutrition Improvement Project (NYSNIP) 2005
- Massachusetts (BAYSTATECAP) 2005
- Florida (SUNCAP) 2005
- North Carolina (SNAP) 2005

##### **States approved to operate but not yet implemented:**

- Kentucky
- Louisiana
- New Jersey
- Pennsylvania
- Virginia

##### **States currently working with FNS to develop their CAP projects:**

- Arizona
- Idaho
- Maryland
- New Mexico
- South Dakota
- Utah
- West Virginia
- Wisconsin

### **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**

Under the provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (“Welfare Reform”), 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 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.

On June 29, 2006, the Department of Health and Human Services (DHHS) issued an interim final rule, Reauthorization of the Temporary Assistance for Needy Families Program, that, among other things, defines the activities countable toward TANF work participation rate requirements. Since the minimum wage protections of the Fair Labor Standards Act (FLSA) apply to TANF recipients, State agencies cannot require them to participate in unpaid “work” activities, i.e., community service or work experience, at an hourly rate less than minimum wage. However, many State agencies will not be able to offer unpaid work activities for a sufficient number of hours to meet the TANF 20-hour core activity requirement. The rule addressed this situation by allowing State agencies to “deem” any family that participates for the maximum hours allowed under the FLSA—based on the value of both the TANF assistance unit’s cash and food stamp benefits—as having satisfied the required number of hours in core activities. A State agency may combine FSP and TANF benefits by notifying FNS of its intent to implement a mini-SFSP under which it will determine TANF/FSP household work requirements using TANF rules. Once State agencies exercise this authority, they may apply the deeming provision described in the rule.

Seven State agencies were operating mini-SFSPs prior to the publication of the June 29 rule. In FY 2006, an additional 23 State agencies notified FNS of their intention to operate a mini-SFSP. FNS responded immediately with its official approval.

### **FY 2005 Certification Payment Error Rates were Lowest Ever**

The FY 2005 national average certification error rate, announced in June 2006, was 5.84 percent; thirty-two 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 2005 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 receive 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 23, 2006, FNS notified three 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
Idaho	\$240,951
Ohio	\$3,065,580
Rhode Island	\$301,508

In addition, five States (Arizona, Colorado, the District of Columbia, Minnesota and Oklahoma) exceeded the FY 2005 threshold for the first year. Potential liabilities will be established for FY 2006 if any of these eight States have a payment error rate in FY 2006 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

FNS led the Federal nutrition response to the hurricanes that severely impacted the Gulf Coast States in FY 2005 and FY 2006. In addition, FNS promptly assisted Midwest and Northeast States that experienced flooding due to severe weather.

The following summarizes disaster assistance provided by the FSP in FY 2006:

Months	State	Value of Benefits
<b>Hurricane Katrina</b>		
October to December	AL	\$ 12,690,405
"	AR	4,452,499
"	FL	904,345
"	GA	476,762
"	IL	1,394,702
"	IN	608,904
"	KY	216,757
"	LA	179,421,398
"	MN	116,826
"	MS	45,190,586
"	NM	150,503
"	NC	544,392
"	OK	383,083
"	SC	432,904
"	TN	715,800
"	TX	91,342,890
"	WI	379,095
Sub-total Katrina		339,421,851
<b>Hurricane Rita</b>		
October	LA	94,212,656
"	TX	8,314,076
"	AR	886,267
Sub-total Rita		103,412,999
November (Wilma)	FL	296,207,855
November (tornado and storms)	IN	18,136
July (flooding)	PA	35,618
<b>Total FY 2006</b>		<b>\$ 739,096,459</b>

### **Court Suit Activity in the FSP**

During FY 2006 there were 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 3.5 million new work registrants in FY 2006, virtually identical to the FY 2004 and FY 2005 numbers. Since an additional 2.8 million work registrants were already receiving food stamps at the beginning of the fiscal year, a total of 6.3 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 130,000 other food stamp recipients participated in an E&T component each month.

In FY 2006, FNS allocated \$142.3 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 \$32.3 million in 100 percent Federal E&T funds carried over from FY 2005 to supplement some State grants. State expenditures totaled approximately \$110 million, a slight increase from the FY 2005 total of \$108 million. Additionally, the Federal Government matched about \$135 million in State funds spent to administer the E&T Program in FY 2006. The Federal Government also matched about \$45 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**

The 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 except Wyoming, 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. Wyoming chose different technology, as permitted in the FSP legislation, and has an off-line, smartcard system; its cards cannot be used elsewhere. Wyoming will be converting to an on-line system for food stamps in the near future.

- **Coupon Phase-Out:** FNS and States have destroyed their coupon inventories, except small amounts remaining in Wyoming and Illinois. Wyoming continues to need coupons to convert EBT benefits when their recipients leave their State; however, Wyoming is negotiating an agreement with the State of South Dakota that would permit Wyoming to issue South Dakota EBT cards to clients that leave Wyoming. 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 two 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. FNS is moving towards the daily transmission of EBT data in FY 2007.

### **Studies and Evaluations**

FNS published several major reports related to the FSP during FY 2006. These include: (1) a description of the characteristics of food stamp households in 2005; (2) an analysis of trends in food stamp participation rates among eligibles for the Nation as a whole and for each State through 2004; (3) a national review of State efforts to provide nutrition education and promote healthy eating and physical activity among food stamp participants; (4) an analysis of food stamp benefit redemption and shopping patterns; (5) updated estimates of the extent of trafficking in the FSP; (6) an assessment of the sustainability of community-based food stamp outreach projects; and (7) a technical assessment of alternative ways to measure the food security and dietary quality impacts of food stamp participation. The reports are available at: [www.fns.usda.gov/oane](http://www.fns.usda.gov/oane).

In addition, FNS launched several new projects with funds appropriated to the Nutrition Programs Administration account, including: (1) a national study of organizational and procedural changes in States intended to modernize the FSP and improve the application process; and (2) a demonstration in cooperation with South Carolina to assess the effectiveness of targeted nutrition education for women with children in changing knowledge, motivation, and behavior.

### **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 (CFPCGP) 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 2006, \$1.518 billion in grant funds were available to Puerto Rico.

### Facts in Brief

- An average of 1.06 million people were served monthly during FY 2006.
- In FY 2006, total benefit costs were \$1.46 billion for all block grant programs, or about \$107.88 per person, per month for nutrition assistance program recipients.
- Puerto Rico spent an estimated \$53.8 million of Federal funds on administrative activities in FY 2006, 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 2004, FY 2005 and FY 2006 are as follows:

#### NUTRITION ASSISTANCE FOR PUERTO RICO Summary of Funding

	2004 Actual (\$ 000)	2005 Actual (\$ 000)	2006 Estimated (\$ 000)
Benefit Costs	1,360,409	1,435,380	1,463,308
Administrative Costs	52,961	59,290	53,782
Nutrition Education Program	0	374	662
Total Federal Funds	1,413,370	1,495,044	1,517,752
State Administrative Costs	52,961	59,290	53,782
Total Program Costs	1,466,331	1,554,334	1,571,534

### 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: 1.06 million persons, or 27.2 percent of Puerto Rico's total estimated population of 3.9 million people, participated in the program in FY 2006.

Monthly participation for FYs 2004, 2005 and 2006 are as follows:

#### NUTRITION ASSISTANCE FOR PUERTO RICO Summary of Participation

	2004 Actual	2005 Actual	2006 Estimated
Average Number of Persons (million)	1.01	1.05	1.06
Average Number of Households	424,855	461,854	482,046
Average Household Size (persons)	2.38	2.27	2.20
Average Benefit Per Household	\$242	\$240	\$238

## **Program Assessment**

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 plan for annual progress reports. USDA is also working with Puerto Rico on a plan for regular program review and assessment.

## **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 2006, \$6.1 million in grant funds were authorized to be expended under American Samoa's block grant.

### **Facts in Brief**

- A monthly average of 3,005 persons, or about 5.2 percent of American Samoa's total estimated population of 57,794, were served during FY 2006.
- In FY 2006, average monthly benefit costs were \$310,876, or \$103.45 per person.
- American Samoa budgeted \$1,041,385 for administrative activities for FY 2006. 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 2006, \$8.4 in grant funds was provided to the CNMI.

### **Facts in Brief**

- A monthly average of 7,810 people or 9.5 percent of CNMI's total estimated population of 82,459 were served during FY 2006.
- In FY 2006, average benefit costs were \$81.77 per person per month.

- The CNMI budgeted an estimated \$0.8 million on administrative activities for FY 2006. 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.

## **FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (FDPIR)**

### **Program Mission**

The Food Distribution Program on Indian Reservations (FDPIR) is an alternative to the FSP for low-income households living on an Indian reservation or low-income Indian households residing 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 2006, five States and 98 ITOs operated FDPIR on 257 Indian reservations.
- Nutrition assistance was provided to an average of 89,920 persons per month at a cost to FNS of \$38.65 per food package in FY 2006.
- Total cost of food purchases including commodity procurement costs for FDPIR was about \$53.7 million for FY 2006. An additional \$0.9 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**

	2000	2001	2002	2003	2004	2005	2006
Average Participation (in Thousands)	121.5	113.2	110.1	107.6	104.3	99.0	89.9
Per Person Per Month Food Cost (Entitlement)	\$34.42	\$36.20	\$33.81	\$36.07	\$39.14	\$40.69	\$38.65
Total FNS Food Cost (\$ in Millions)	\$50.18	\$49.20	\$44.67	\$46.57	\$48.99	\$48.35	\$41.71
Percent Change in unit Per Person Food Cost	3.1%	5.2%	-6.6%	6.7%	8.5%	4.0%	-5.0%

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

### **Program Assessment**

OMB completed a Program Assessment Rating Tool (PART) review of the 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 food package offered to FDPIR participants 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 will work to improve the nutritional quality of FDPIR benefits and work with ITOs to improve the funds allocation method.

**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 workgroup consisting of tribally appointed FDPIR directors, commodity procurement specialists from USDA's Farm Service Agency and the Agriculture 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. Recent improvements include offering reduced fat cheese and whole wheat flour. Following the release of the *Dietary Guidelines for Americans* in 2005, the workgroup has begun another review cycle and will continue to focus on ways to reduce saturated fat, sugar and sodium. The workgroup is also exploring ways to improve the desirability and convenience of products in the package. The workgroup expects to make recommendations for food package improvements in 2007.

**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 2006, 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 2006

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	547	220	\$593,640	\$90.49	\$30,789
Alaska	57	21	85,982	125.37	9,742
Arizona	541	220	626,260	96.51	32,769
Arkansas	385	159	414,383	89.72	24,277
California	2,000	799	2,358,036	98.27	435,360
Colorado	251	107	323,683	107.30	23,694
Connecticut	210	112	239,082	94.74	21,748
Delaware	66	28	70,175	89.01	8,664
District of Columbia	89	45	104,153	97.34	13,451
Florida	1,418	673	1,684,348	99.00	72,355
Georgia	947	386	1,098,314	96.67	59,420
Hawaii	88	45	147,898	140.15	10,917
Idaho	91	37	100,167	91.62	8,537
Illinois	1,225	556	1,503,196	102.25	91,040
Indiana	575	249	648,113	93.98	37,385
Iowa	226	101	244,293	90.19	16,632
Kansas	183	82	188,317	85.72	17,303
Kentucky	589	258	645,357	91.29	30,079
Louisiana	830	333	1,031,647	103.59	47,744
Maine	160	82	169,291	88.01	8,270
Maryland	305	140	336,097	91.71	34,940
Massachusetts	432	227	421,536	81.41	39,858
Michigan	1,134	515	1,238,788	91.05	93,105
Minnesota	264	126	282,582	89.20	41,159
Mississippi	511	206	507,102	82.63	26,503
Missouri	796	298	740,064	77.44	35,284
Montana	82	35	89,954	91.90	8,211
Nebraska	120	51	124,315	86.56	14,673
Nevada	118	55	124,332	87.86	12,892
New Hampshire	56	27	57,878	85.61	5,354
New Jersey	406	194	455,856	93.64	89,092
New Mexico	245	95	253,365	86.29	18,424
New York	1,786	935	2,239,980	104.52	276,857
North Carolina	854	377	920,977	89.83	66,199
North Dakota	43	19	46,220	90.47	6,669
Ohio	1,064	481	1,266,220	99.18	100,137
Oklahoma	436	181	467,305	89.42	42,224
Oregon	434	223	463,280	88.91	45,328
Pennsylvania	1,092	497	1,182,250	90.20	136,979
Rhode Island	73	34	80,929	92.14	7,733
South Carolina	534	227	589,430	91.93	21,274
South Dakota	58	24	66,153	94.29	7,221
Tennessee	870	387	976,013	93.44	42,800
Texas	2,623	1,017	2,939,331	93.40	179,510
Utah	132	54	140,416	88.81	20,024
Vermont	47	24	50,092	88.44	5,862
Virginia	507	225	525,712	86.47	79,531
Washington	536	270	594,593	92.48	48,976
West Virginia	268	118	266,403	82.95	13,746
Wisconsin	368	155	346,793	78.55	34,291
Wyoming	24	10	26,309	90.46	3,951
American Samoa 1/	0	0	5,600	0.00	0
CNMI 1/	0	0	8,427	0.00	0
Guam	28	8	54,558	163.15	2,517
Virgin Islands	13	0	20,592	128.30	4,141
Anticipated Adjustment	0	0	-21,955	0.00	-110,543
<b>TOTAL</b>	<b>26,736</b>	<b>11,756</b>	<b>\$30,163,835</b>	<b>\$94.04</b>	<b>\$2,454,896</b>

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 2006**

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	460		9	2			1				472
Alabama	3,063		21	1	2	26					3,113
Arkansas	1,640		14		20		1	26			1,701
Arizona	2,692		11	1	2	1	3	1			2,711
California	17,719		298	1	18	6	18	4	262		18,326
Colorado	1,528	2	6		9			5			1,550
Connecticut	1,522		15								1,537
District of Columbia	357		2								359
Delaware	419		1		2		1				423
Florida	8,308		53		7	28	2	5			8,403
Georgia	5,116		2		3		3				5,124
Guam	220										220
Hawaii	825		7	1	2	1		2			838
Iowa	2,078		14		65			27			2,184
Idaho	606				1				1		608
Illinois	6,153	1	19		47	46	6	16	1	18	6,307
Indiana	2,999		3	1	10		5	13			3,031
Kansas	1,255		17	1	20	7	1	9			1,310
Kentucky	3,362		11		3	2					3,378
Louisiana	3,345		3		3	2	7	1			3,361
Massachusetts	2,804		68	8	5	118	4	1	1	4	3,013
Maryland	2,197		12		5	24	1	1			2,240
Maine	1,200		10		17	1		2			1,230
Michigan	5,909		24		37	36	4	16	4		6,030
Minnesota	1,991		7		19	4	1	27			2,049
Missouri	3,244		24		13		8	3			3,292
Mississippi	2,438				3			2			2,443
Montana	573		1		16	10	3			1	604
North Carolina	4,554	1	6		33			15			4,609
North Dakota	397		2		19	3	2	12			435
Nebraska	796		8				1				805
New Hampshire	535		6		5	1	2	2			551
New Jersey	3,822	1	24		2	1	2				3,852
New Mexico	1,083		2								1,085
Nevada	888		9		7	4		1			909
New York	13,630		102		29	39	9	26			13,835
Ohio	5,906		32		15	2	2	6			5,963
Oklahoma	2,414		14		20			18			2,466
Oregon	2,375		23		5	24	5	2	1	1	2,436
Pennsylvania	7,239	1	24		13	12	21	21	1		7,332
Rhode Island	722		10	1	4	5	1	2			745
South Carolina	2,467		3				2				2,472
South Dakota	518		2		12	17		4			553
Tennessee	4,046		15		8	35	2	2			4,108
Texas	11,194		27			3	2	1	1		11,228
Utah	833		8		1	2		1			845
Virginia	3,651	1	18		5	9		3			3,687
Virgin Islands	118		1								119
Vermont	420		1		3			2			426
Washington	3,443		23		9	8	3	5			3,491
Wisconsin	2,101		8		16		2	1			2,128
West Virginia	1,821	1			7			2			1,831
Wyoming	237		5		3						245
<b>Total</b>	<b>159,233</b>	<b>8</b>	<b>1,025</b>	<b>17</b>	<b>545</b>	<b>477</b>	<b>125</b>	<b>287</b>	<b>272</b>	<b>24</b>	<b>162,013</b>

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
PARTICIPATION AND FUNDING  
FISCAL YEAR 2006

STATE OR TERRITORY	AVERAGE MONTHLY PARTICIPATION	FOOD COSTS <u>1/</u>	ADMINISTRATIVE FUNDING	TOTAL FOOD AND ADMIN.
Arizona	13,364	\$5,748,088	\$3,458,508	\$9,206,596
California	6,121	2,473,149	1,676,088	4,149,237
Colorado	479	176,130	175,244	351,374
Idaho	1,644	761,037	528,872	1,289,909
Kansas	407	172,449	176,621	349,070
Michigan	1,580	692,540	607,320	1,299,860
Minnesota	2,428	1,072,973	992,847	2,065,820
Mississippi	784	252,883	102,415	355,298
Montana	3,122	1,375,663	1,850,783	3,226,446
Nebraska	1,137	466,084	351,486	817,570
Nevada	1,404	552,588	458,651	1,011,239
New Mexico	3,593	1,530,362	1,093,474	2,623,836
New York	347	131,464	214,481	345,945
North Carolina	369	158,404	56,013	214,417
North Dakota	5,052	2,263,365	1,465,169	3,728,534
Oklahoma	27,698	12,284,841	5,560,772	17,845,613
Oregon	914	404,464	288,122	692,586
South Dakota	10,733	5,055,102	2,633,172	7,688,274
Utah	210	86,268	103,894	190,162
Washington	3,924	1,635,505	1,166,423	2,801,928
Wisconsin	3,928	1,586,193	1,112,326	2,698,519
Wyoming	681	296,887	231,957	528,844
AMS / FSA / PCIMS / Computer Support	0	201,374	0	201,374
Undistributed	1	14,315,160	759,360	15,074,520
<b>TOTAL</b>	<b>89,920</b>	<b>\$53,692,973</b>	<b>\$25,063,998</b>	<b>\$78,756,971</b>

SOURCE: FPRS FNS-152 data - Food distributed to participants in fiscal year 2006.

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.

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 2006

ENTITLEMENT COMMODITIES	Indian Reservations	
	Pounds	Dollars
<b>SECTION 6/32 TYPE:</b>		
APPLE JUICE, CANNED	1,963,500	\$561,170
APPLESAUCE, CANNED	255,150	96,125
APRICOTS, CANNED	474,525	273,046
BEANS, GREAT NORTHERN	282,240	91,505
BEANS, GREEN CANNED	1,180,155	423,183
BEANS, KIDNEY LIGHT	294,078	104,990
BEANS, LIMA	322,560	169,433
BEANS, PINTO	1,234,800	348,411
BEANS, REFRIED	403,920	139,086
BEANS, VEGETARIAN	700,800	237,219
BEEF, CANNED	882,360	1,871,438
BEEF, FROZEN GROUND	1,442,000	2,117,038
BEEF, STEW	909,000	677,966
BISON	440,000	1,567,888
BISON, CND STEW	324,000	531,680
BUFFALO FROZEN	200,000	770,200
CARROTS, CANNED	291,600	116,648
CHICKEN, CUT UP	1,728,000	1,208,240
CORN, CANNED CREAM	291,600	115,988
CORN, CANNED WHOLE KERNEL	1,296,827	429,836
CRANBERRY-APPLE JUICE, CANNED	1,499,400	548,369
EGG MIX	536,400	831,572
FRUIT COCKTAIL, CANNED	729,000	451,114
GRAPE JUICE	554,784	223,500
HAM, WATERADDED 3	396,000	636,099
LUNCHMEAT, CANNED	648,000	1,294,905
ORANGE JUICE, CANNED	3,034,500	1,179,816
PEACHES CLING, CANNED	1,055,589	502,413
PEARS, CANNED	939,375	480,119
PEAS, CANNED	632,813	267,174
PINEAPPLE JUICE, CANNED	1,093,300	434,543
PINEAPPLE, CANNED	1,017,120	756,996
PLUMS, D 24	468,000	889,800
POTATOES CANNED	220,320	81,352
POTATOES, DEHYDRATED	270,000	237,929
PUMPKIN, CANNED	145,800	92,102
RAISINS 24	777,600	702,830
SPAGHETTI SAUCE	833,850	262,009
SPINACH, CANNED	237,405	116,421
SWEET POTATOES, CANNED	103,275	70,608
SYRUP, CORN	906,048	375,742
TOMATO JUICE, CANNED	1,164,058	282,979
TOMATO SAUCE, CANNED	688,501	214,912
TOMATO SOUP	532,125	248,223
TOMATOES, CANNED	705,354	259,557
TUNA, CANNED	712,800	1,170,261
TURKEY W 29	182,700	544,445
VEG MIX 300	456,413	230,854
VEG SOUP	603,075	352,508
<b>Total Section 6/32 Type</b>	<b>36,060,720</b>	<b>\$25,590,242</b>

**FOOD AND NUTRITION SERVICE****FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (Cont.)****Quantity and Value of Commodities****Fiscal Year 2006**

ENTITLEMENT COMMODITIES	Pounds	Dollars
<b>SECTION 416 TYPE:</b>		
BUTTER	1,026,000	\$1,712,897
CEREAL, CORN & RICE	113,400	155,174
CEREAL, DRY CORN	494,213	615,692
CEREAL, DRY OATS	172,440	333,051
CEREAL, DRY RICE	269,931	352,099
CEREAL, WB FLAKES	248,541	331,612
CHEESE 30 LVS	2,181,300	3,089,910
CHEESE BLEND SLC	950,400	1,268,942
CORNMEAL	1,328,040	176,758
CRACKERS, UNSALTED	567,000	434,415
EGG NOODLES	875,520	439,015
FARINA	292,929	123,049
FLOUR MIX	588,000	330,506
FLOUR MIX, LOWFAT	336,000	212,469
FLOUR WW	214,200	38,903
FLOUR, ALL PURPOSE	6,874,400	1,163,672
INSTANT 2	26,880	38,102
MACARONI	1,050,000	343,501
MACARONI AND CHEESE	624,624	361,743
MILK, EVAPORATED	3,471,680	1,572,010
OATS	1,161,144	516,770
OIL, VEGETABLE	671,286	276,970
PEANUT BUTTER	634,230	438,739
PEANUTS, ROASTED	199,584	204,049
RICE, MILLED	1,724,448	440,872
SHORTENING	449,280	308,548
SPAGHETTI	1,140,000	365,265
<b>Total Section 416 Type</b>	<b>27,685,470</b>	<b>\$15,644,733</b>
AMS / FSA / PCIMS / Computer Support		\$201,374
Anticipated Adjustment		12,256,624
<b>TOTAL COMMODITY ENTITLEMENT</b>	<b>63,746,190</b>	<b>\$53,692,973</b>
<b>BONUS COMMODITIES</b>	<b>Indian Reservations</b>	
	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 32 TYPE:</b>		
APRICOTS HALVES CND	72,900	\$46,952
GRAPE JUICE	651,168	233,306
<b>Total Section 32 Type</b>	<b>724,068</b>	<b>\$280,258</b>
<b>BONUS COMMODITIES</b>	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 416 TYPE:</b>		
INSTANT 2	591,360	\$614,492
<b>Total Section 416 Type</b>	<b>591,360</b>	<b>\$614,492</b>
Anticipated Adjustment	0	0
<b>TOTAL BONUS COMMODITIES</b>	<b>1,315,428</b>	<b>\$894,750</b>
<b>TOTAL – ALL COMMODITIES</b>	<b>65,061,618</b>	<b>\$54,587,723</b>
Anticipated Adjustment	0	0
<b>GRAND TOTAL</b>	<b>65,061,618</b>	<b>\$54,587,723</b>

Source: PCIMS – Delivery order and contract information.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored):

Child Nutrition Programs (Including Transfers of Funds):

For necessary expenses to carry out the 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; \$13,897,272,000, to remain available through September 30, 2009, of which \$7,592,797,000 is hereby appropriated and \$6,304,475,000 shall be derived 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.

## FOOD AND NUTRITION SERVICE

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

Estimate, 2007..... \$13,178,413,000  
 Budget Estimate, 2008..... 13,897,272,000  
 Increase in Appropriation..... +718,859,000

SUMMARY OF INCREASES AND DECREASES  
(On basis of appropriation)

Item of Change	2007 Estimated	Pay Cost	Program Changes	2008 Estimated
1. Cash Payments to States				
Meal Reimbursements:				
(a) School Lunch	\$7,791,838,000	0	\$389,095,000	\$8,180,933,000
(b) School Breakfast	2,241,210,000	0	148,778,000	2,389,988,000
(c) CACFP	2,172,460,000	0	116,378,000	2,288,838,000
(d) Summer Food Service Program	293,739,000	0	16,895,000	310,634,000
(e) Special Milk	14,133,000	0	485,000	14,618,000
Subtotal, Meal Reimbursements	12,513,380,000	0	671,631,000	13,185,011,000
2. State Administrative Expenses	163,792,000	0	11,844,000	175,636,000
3. Commodity Procurement	475,622,000	0	32,986,000	508,608,000
4. Discretionary Activities	25,619,000	\$398,000	2,000,000	28,017,000
Total Available or Estimated	13,178,413,000	398,000	718,461,000	13,897,272,000

**PROJECT STATEMENT**  
(On the basis of appropriation)

Project	2006 Actual	SY	2007 Estimated	SY	Increase or Decrease		2008 Estimated	SY
<b>1. Cash Payments to States</b>								
<b>Meal Reimbursements:</b>								
(a) School Lunch	\$7,471,829,000		\$7,791,838,000		\$389,095,000		\$8,180,933,000	
(b) School Breakfast	2,086,098,000		2,241,210,000		148,778,000		2,389,988,000	
(c) CACFP	2,141,088,000		2,172,460,000		116,378,000		2,288,838,000	
(d) Summer Food Service Program	284,224,000		293,739,000		16,895,000		310,634,000	
(e) Special Milk Program	15,155,000		14,133,000		485,000		14,618,000	
<b>Subtotal, Meal Reimbursements</b>	<b>11,998,394,000</b>		<b>12,513,380,000</b>		<b>671,631,000</b>	(1)	<b>13,185,011,000</b>	
<b>2. State Administrative Expenses</b>	<b>156,061,000</b>		<b>163,792,000</b>		<b>11,844,000</b>	(2)	<b>175,636,000</b>	
<b>3. Commodity Procurement</b>	<b>480,684,000</b>		<b>475,622,000</b>		<b>32,986,000</b>	(3)	<b>508,608,000</b>	
<b>4. Discretionary Activities:</b>								
(a) Team Nutrition	10,038,000		10,038,000		-1,000	(4)	10,037,000	
(b) Food Safety Education	1,001,000		1,001,000		21,000	(5)	1,022,000	
(c) Coordinated Review	5,231,000		5,231,000		274,000	(6)	5,505,000	
(d) Computer Support and Proc.	9,349,000		9,349,000		104,000	(7)	9,453,000	
(e) CACFP Training and Tech Assistance	0		0		2,000,000	(8)	2,000,000	
<b>Subtotal, Discretionary</b>	<b>25,619,000</b>		<b>25,619,000</b>		<b>2,398,000</b>		<b>28,017,000</b>	
<b>Total Adjusted Appropriation</b>	<b>12,660,758,000</b>	<b>133</b>	<b>13,178,413,000</b>	<b>137</b>	<b>718,859,000</b>		<b>13,897,272,000</b>	<b>146</b>
<b>Rescission 1/</b>	<b>71,000</b>		<b>0</b>		<b>0</b>		<b>0</b>	
<b>Total Available or Estimated</b>	<b>12,660,829,000</b>		<b>13,178,413,000</b>		<b>718,859,000</b>		<b>13,897,272,000</b>	

1/ Appropriated funds are adjusted to reflect a rescission of \$71,000 in FY 2006 pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

**PROJECT STATEMENT**  
(On the basis of available funds)

Project	2006 Actual	SY	2007 Estimated	SY	Increase or Decrease	2008 Estimated	SY
<b>1. Cash Payments to States:</b>							
(a) School Lunch	\$7,569,757,000		\$7,855,066,000		\$325,867,000	\$8,180,933,000	
(b) School Breakfast	2,086,098,000		2,241,210,000		148,778,000	2,389,988,000	
(c) CACFP	2,141,088,000		2,172,460,000		116,378,000	2,288,838,000	
(d) Summer Food Service Program	284,224,000		293,739,000		16,895,000	310,634,000	
(e) Special Milk Program	15,155,000		14,133,000		485,000	14,618,000	
Subtotal, Meal Reimbursements	12,096,322,000		12,576,608,000		608,403,000	13,185,011,000	
<b>2. State Administrative Expenses</b>	156,061,000		163,792,000		11,844,000	175,636,000	
<b>3. Commodity Procurement</b>	480,684,000		475,622,000		32,986,000	508,608,000	
<b>4. Discretionary Activities:</b>							
(a) Team Nutrition	10,038,000		10,038,000		-1,000	10,037,000	
(b) Food Safety Education	1,001,000		1,001,000		21,000	1,022,000	
(c) Coordinated Review	5,231,000		5,231,000		274,000	5,505,000	
(d) Computer Support and Proc.	9,349,000		9,349,000		104,000	9,453,000	
(e) CACFP Training and Tech Assistance	0		0		2,000,000	2,000,000	
Subtotal, Discretionary	25,619,000		25,619,000		2,398,000	28,017,000	
<b>Total Obligations</b>	<b>12,758,686,000</b>	<b>133</b>	<b>13,241,641,000</b>	<b>137</b>	<b>655,631,000</b>	<b>13,897,272,000</b>	<b>146</b>
Prior Year Recoveries/Collections	-123,198,000		0		0	0	
Unobligated Balance Start-of-Year	-42,079,000		-63,228,000		63,228,000	0	
Unobligated Balance End-of-Year	63,228,000		0		0	0	
Unobligated Balance Expiring	2,358,282		0		0	0	
Transfer to 12X3539 1/	1,762,718		0		0	0	
<b>Total Adjusted Appropriation</b>	<b>12,660,758,000</b>	<b>133</b>	<b>13,178,413,000</b>	<b>137</b>	<b>718,859,000</b>	<b>13,897,272,000</b>	<b>146</b>
Rescission 2/	71,000		0		0	0	
<b>Total Appropriation</b>	<b>12,660,829,000</b>	<b>133</b>	<b>13,178,413,000</b>	<b>137</b>	<b>718,859,000</b>	<b>13,897,272,000</b>	<b>146</b>

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 participating institution audits.

2/ Appropriated funds are adjusted to reflect a rescission of \$71,000 in FY 2006 pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

PROJECT STATEMENT-CURRENT LAW

(On basis of appropriation)

Permanent Appropriation Activities:	2006 Actual	SY	2007 Estimated	SY	Increase or Decrease	2008 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	
Fresh Fruits and Vegetables (1-Year)	6,000,000		6,000,000		-\$6,000,000	0	
Direct Certification and Verification	9,000,000		0		0	0	
Evaluation of Effectiveness (Direct Verification)	2,000,000		0		0	0	
SFSP Rural Transportation Grants	2,000,000		1,000,000		0	1,000,000	
Evaluation CACFP	400,000		0		0	0	
Grants to States (Fresh Fruit and Veg.)	9,000,000		9,000,000		0	9,000,000	
Tech. Assistance Program Integrity	3,000,000		2,000,000		0	2,000,000	
Grants to States (Administrative Review)	4,000,000		4,000,000		0	4,000,000	
Best Practices (Tech. Assistance)	4,000,000		0		0	0	
<b>Total Permanent Appropriation</b>	<b>43,650,000</b>	<b>27</b>	<b>26,250,000</b>	<b>18</b>	<b>-6,000,000</b>	<b>20,250,000</b>	<b>18</b>

PROJECT STATEMENT-CURRENT LAW

(On basis of available funds)

Permanent Appropriation Activities:	2006 Actual	SY	2007 Estimated	SY	Increase or Decrease	2008 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	
Fresh Fruits and Vegetables (1-Year)	6,000,000		6,000,000		-\$6,000,000	0	
Direct Certification and Verification	6,848,709		5,231,077		-5,231,077	0	
Evaluation of Effectiveness (Direct Cert.)	1,477,302		522,698		-522,698	0	
SFSP Evaluation	0		260		-260	0	
SFSP Rural Transportation Grants	1,980,594		1,019,406		-19,406	1,000,000	
Evaluation CACFP	391,926		8,074		-8,074	0	
Grants to States (Fresh Fruit and Veg.)	4,325,975		9,932,486		-932,486	9,000,000	
Tech. Assistance Program Integrity	2,817,276		2,182,724		-182,724	2,000,000	
CACFP Audit Funds - X year	4,037,312		4,037,312		-4,037,312	0	
Grants to States (Administrative Review)	2,882,999		8,157,001		-4,157,001	4,000,000	
Best Practices (Tech. Assistance)	2,360,245		1,639,755		-1,639,755	0	
<b>Total Obligation</b>	<b>37,372,338</b>		<b>42,980,793</b>		<b>-22,730,793</b>	<b>20,250,000</b>	
Transfer from 125/63539	-1,762,718						
Unobligated Balance Start of Year	-9,450,017		-19,810,579		16,730,793	-3,079,786	
Collections/Recoveries	-2,342,873						
Expiring Funds	22,691						
Unobligated Balance End of Year	19,810,579		3,079,786		0	3,079,786	
<b>Total Permanent Appropriation</b>	<b>43,650,000</b>	<b>27</b>	<b>26,250,000</b>	<b>18</b>	<b>-6,000,000</b>	<b>20,250,000</b>	<b>18</b>

Justification of Increases and Decreases

The FY 2008 request for the Child Nutrition Programs reflects a net increase of \$718,859,000 as detailed below.

- (1) An increase of \$671,631,000 for meal reimbursements (\$12,513,380,000 was requested in FY 2007).

Explanation of Change.

School Lunch Program: This program will require a net increase of \$389,095,000 in budget authority for an appropriation level of \$8,180,933,000 in FY 2008 (\$7,791,838,000 was requested in FY 2007). This level of funding is about a 5 percent increase over the FY 2007 funding level and will be required to provide reimbursement for meal service currently projected for FY 2008. Based on actual performance to date, the total number of school lunches and snacks in FY 2007 is projected to increase by about 108 million over the current estimate for FY 2007. This is about 2 percent more than projected for FY 2007. Student participation in the NSLP is continuing at about 60 percent of enrollment in participating schools. The current estimate for free lunches in FY 2008 projects an increase of 1.3 percent above the level of free lunches estimated to be served in FY 2007. Free lunches are estimated at 49.3 percent of all lunches served in FY 2007. 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 funding. This request also reflects the cost of snacks served under the after school NSLP 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. Estimates of the pertinent income levels for a family of four are shown below:

	2005-2006	2006-2007
Poverty Level	School Year	School Year
100 Percent	\$19,350	\$20,000
130 Percent	25,155	26,000
185 Percent	35,798	37,000

<b>PROGRAM INDICATORS</b>				
<b>SCHOOL LUNCH PROGRAM PROGRAM PERFORMANCE DATA</b>	<b>2006 ACTUAL</b>	<b>2007 ESTIMATED</b>	<b>2008 ESTIMATED</b>	<b>CHANGE</b>
<b>Lunches Served (millions):</b>				
Above 185% of poverty	2,035.1	2,098.3	2,148.8	50.5
130% - 185% of poverty	485.8	505.4	517.5	12.1
Below 130% of poverty	2,482.8	2,553.1	2,587.5	34.4
<b>TOTAL, Lunches</b>	<b>5,003.7</b>	<b>5,156.8</b>	<b>5,253.8</b>	<b>97.0</b>
<b>Average Daily Participation (millions):</b>	<b>30.0</b>	<b>31.0</b>	<b>31.5</b>	<b>0.5</b>
<b>Lunch Rate per meal (blended) (cents):</b>				
Above 185% of poverty	22.2	23.0	23.2	0.2
130% - 185% of poverty	171.1	178.0	184.0	6.0
Below 130% of poverty	211.3	218.2	224.2	6.0
<b>Snacks Served (millions):</b>				
Above 185% of poverty	8.6	9.1	9.7	0.6
130% - 185% of poverty	1.0	1.0	1.1	0.1
Below 130% of poverty	161.2	171.7	182.0	10.3
<b>TOTAL, Snacks</b>	<b>170.8</b>	<b>181.8</b>	<b>192.8</b>	<b>11.0</b>
<b>Snack subsidy per meal (cents):</b>				
Above 185% of poverty	5.2	6.0	6.0	0.0
130% - 185% of poverty	31.2	32.2	33.2	1.0
Below 130% of poverty	63.4	65.4	67.4	2.0
<b>TOTAL, Meal Reimbursement (millions)</b>	<b>\$7,569.8</b>	<b>\$7,855.1</b>	<b>\$8,180.9</b>	<b>\$325.8</b>

School Breakfast Program: This program will require an increase of \$148,778,000 (about 6.6 percent) for an appropriation of \$2,389,988,000 in FY 2008 (\$2,241,210,000 was requested for fiscal year 2007). The current estimate projects an increase of 70.8 million breakfasts in FY 2008 (about 4 percent) above the 1.77 billion in the current estimate for FY 2007. This includes a projected increase of about 45.3 million breakfasts in the free category. The estimate of the total meals projected for FY 2008 is 1.84 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.

<b>PROGRAM INDICATORS</b>				
<b>SCHOOL BREAKFAST PROGRAM PROGRAM PERFORMANCE DATA</b>	<b>2006 ACTUAL</b>	<b>2007 ESTIMATED</b>	<b>2008 ESTIMATED</b>	<b>CHANGE</b>
<b>Meals Served (millions):</b>				
Above 185% of poverty	310.4	333.5	348.7	15.2
Reduce Price, Regular	26.1	25.7	25.8	.10
Reduce Price, Severe Need	127.1	140.7	150.9	10.2
130%-185% of poverty, Total	153.2	166.3	176.6	10.3
Free, Regular	138.5	135.4	132.5	-2.9
Free, Severe Need	1,053.2	1,134.1	1,182.2	48.1
Below 130% of poverty, Total	1,191.7	1,269.4	1,314.7	45.3
<b>TOTAL, Meals</b>	<b>1,655.3</b>	<b>1,769.2</b>	<b>1,840.0</b>	<b>70.8</b>
Average Daily participation (millions)	9.8	10.4	10.9	0.5
<b>Average Subsidy Per Meal (cents):</b>				
Paid	23.2	24.1	24.2	0.1
Reduced Price:				
Regular	97.6	100.7	104.7	4.0
Severe Need	121.8	126.7	130.7	4.0
Free:				
Regular	127.7	130.8	134.8	4.0
Severe Need	151.8	156.7	160.7	4.0
<b>PROGRAM TOTAL (millions)</b>	<b>\$2,086.1</b>	<b>\$2,241.2</b>	<b>\$2,390.0</b>	<b>\$148.8</b>

**Child and Adult Care Food Program (CACFP):** This program will require an increase of \$116,378,000 (about 5.4 percent) for an appropriation of \$2,288,838,000 in FY 2008 (\$2,172,460,000 was requested for FY 2007). The current estimate projects an increase of 38.9 million meals above the FY 2007 estimate. This represents an increase of about 2.1 percent above the FY 2007 estimate for meals served in childcare centers, family day care homes and adult care centers.

The need for additional funds is also due to the projected increase in the number of snacks served under the at-risk component of the program as well as the change in the CPI.

<b>PROGRAM INDICATORS</b>				
<b>CHILD AND ADULT CARE FOOD PROGRAM PROGRAM PERFORMANCE DATA</b>	<b>2006 ACTUAL</b>	<b>2007 ESTIMATED</b>	<b>2008 ESTIMATED</b>	<b>CHANGE</b>
<b>Meals Served (millions):</b>				
Centers				
Above 185% of poverty	340.9	352.8	364.3	11.5
130% - 185% of poverty	85.6	88.6	91.42	2.8
Below 130% of poverty	764.4	791.2	816.9	25.7
<b>TOTAL, Centers</b>	<b>1,190.9</b>	<b>1,232.6</b>	<b>1,272.6</b>	<b>40.0</b>
Family Day Care Homes Tier 1 (Low Income)	510.5	507.9	510.5	2.6
Tier 2 (Upper Income)	129.8	124.6	120.9	-3.7
<b>TOTAL, Family Day Care Homes:</b>	<b>640.3</b>	<b>632.5</b>	<b>631.4</b>	<b>-1.1</b>
<b>Total Child Care Program Meals:</b>	<b>1,831.2</b>	<b>1,865.1</b>	<b>1,904.0</b>	<b>38.9</b>
<b>Average Subsidy per meal (cents):</b>				
Above 185% of poverty	15.4	16.1	16.8	0.7
130% - 185% of poverty	105.5	109.5	116.7	7.2
Below 130% of poverty	143.2	147.8	156.8	9.0
Family Day Care Homes Tier 1 (Low Income)*	123.3	124.8	129.5	4.7
Tier 2 (Upper Income)	58.1	58.9	58.9	0.0
<b>Funding: Meal Reimbursement</b>	<b>\$2,004.2</b>	<b>\$2,034.2</b>	<b>\$2,138.2</b>	<b>\$104.0</b>
Sponsor Admin	115.2	115.7	117.3	1.6
Audits	19.6	20.4	31.2	10.8
Training & Tech. Assistance	2.1	2.2	2.2	0.0
<b>TOTAL (millions)</b>	<b>\$2,141.1</b>	<b>\$2,172.5</b>	<b>\$2,288.8</b>	<b>116.3</b>

\* Rates are a blend of all meals types.

Summer Food Service Program: This program will require an increase of \$16,895,000 (about 5.8 percent) for an appropriation of \$310,634,000 in FY 2008 (\$293,739,000 was requested for FY 2007). The current estimate projects an increase of approximately 3.7 million meals above the estimate for FY 2007, an increase of approximately 3.0 percent.

<b>PROGRAM INDICATORS</b>				
<b>SUMMER FOOD SERVICE PROGRAM PROGRAM PERFORMANCE DATA</b>	<b>2006 ACTUAL</b>	<b>2007 ESTIMATED</b>	<b>2008 ESTIMATED</b>	<b>CHANGE</b>
<b>Meals Served (millions):</b>				
Summer Food Program	118.3	121.8	125.5	3.7
<b>Average Subsidy Per Meal (cents):</b>				
Lunch	256.0	264.0	271.0	7.0
Breakfast	147.0	151.0	155.0	4.0
Supplements	59.0	61.0	63.0	2.0
<b>PROGRAM TOTAL (millions)</b>	<b>\$284.2</b>	<b>\$293.7</b>	<b>\$310.6</b>	<b>\$16.9</b>

Special Milk Program: This program will increase by \$485,000 for an appropriation of \$14,618,000 in FY 2008 (\$14,133,000 was requested for FY 2007). This increased funding need is a result of a projected increase in the Producer Price Index for milk from FY 2007 to FY 2008. 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.

<b>PROGRAM INDICATORS</b>				
<b>SPECIAL MILK PROGRAM PROGRAM PERFORMANCE DATA</b>	<b>2006 ACTUAL</b>	<b>2007 ESTIMATED</b>	<b>2008 ESTIMATED</b>	<b>CHANGE</b>
Half Pints Served (millions):				
Paid (Above 130% of poverty)	89.6	89.6	89.6	0.0
Free (130% of poverty or below)	7.0	7.0	7.0	0.0
<b>TOTAL, Half pints</b>	<b>96.6</b>	<b>96.6</b>	<b>96.6</b>	<b>0.0</b>
Reimbursement Rates (cents):				
Paid	15.3	14.6	15.0	.40
Free	15.5	14.6	15.1	.50
<b>PROGRAM TOTAL (millions)</b>	<b>\$15.2</b>	<b>\$14.1</b>	<b>\$14.6</b>	<b>\$0.50</b>

(2) An increase of \$11,844,000 for State Administrative Expenses (\$163,792,000 was requested for FY 2007).

Explanation of Change: This increase results from a rise in the estimated program obligations for FY 2006, which is the base year for calculating the availability of funds for this program in FY 2008. An appropriation of \$175,636,000 will be needed in FY 2008 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 2006 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 2006 for FY 2008).

In FY 2007, approximately \$861,888 of the estimated \$163.8 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 Program; the School Lunch and School Breakfast Programs in four States; the Child and Adult Care Program in one State; and the Summer Food Service Program in one State.

(3) An increase of \$32,986,000 for Commodity Procurement (\$475,622,000 was requested for FY 2007).

Explanation of Change: An appropriation of \$508,608,000 will be needed to fund commodity procurement in FY 2008. This estimate is based on FNS receiving \$465 million in Section 32 support for entitlement commodities. The funding level for FY 2008 reflects changes in the projected commodity reimbursement rates based on the Producer Price Index for commodities estimated at 1.7 percent for this period. The rate for School Year 2005-06 is \$.1750, for SY 2006-07 is \$.1675, and is projected to be \$.1700 for the SY 2007-08. 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, Child and Adult Care Food Program and the Summer Food Service Program.

The Healthy Meals for Healthy Americans Act (P.L. 103-448) amended the Richard B. Russell National School Lunch Act by adding Section 6(e)(1) which 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, also 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 estimated at \$200 million in FY 2007 (SY 2006/2007) and FY 2008 (SY 2007/2008). In the event of a shortfall, the National School Lunch Act provides for the necessary supplementary funding from Section 32 or CCC resources.

<b>COMMODITY COST DATA</b>				
<b>(\$ MILLIONS)</b>				
	<b>2006 ACTUAL</b>	<b>2007 ESTIMATED</b>	<b>2008 ESTIMATED</b>	<b>CHANGE</b>
<b>COMMODITY PURCHASES:</b>				
<b>CN Appropriation:</b>				
AMS/CCC Commodities	\$465.0	\$465.0	\$465.0	0
Section 6 Commodities/Cash	405.7	400.2	429.7	29.5
12% Commodity Floor Requirement	84.8	200.0	200.0	0.0
<b>SCHOOL LUNCH TOTAL</b>	<b>955.5</b>	<b>1,065.2</b>	<b>1,094.7</b>	<b>29.5</b>
<b>Child &amp; Adult Care Food Program:</b>				
Commodities/Cash	73.9	74.2	77.7	3.5
<b>Summer Food Service Program:</b>				
Commodities	1.1	1.2	1.2	0.0
<b>TOTAL COMMODITY COSTS</b>	<b>\$1,030.5</b>	<b>\$1,140.6</b>	<b>\$1,173.6</b>	<b>\$33.0</b>

- (4) A decrease of \$1,000 for Team Nutrition (\$10,038,000 was available in FY 2007).

Explanation of Change. This decrease will support the current spending level for this activity.

- (5) An increase of \$21,000 for Food Safety Education (\$1,001,000 was available in FY 2007).

Explanation of Change. This increase provides \$21,000 for salaries and benefits to support this activity.

- (6) An increase of \$274,000 for the Coordinated Review Program (\$5,231,000 was available in FY 2007).

Explanation of Change. This increase provides \$274,000 for salaries and benefits to support this activity.

- (7) An increase of \$104,000 for Computer Support and Processing (\$9,349,000 was available in FY 2007).

Explanation of Change. This increase provides \$104,000 for salaries and benefits to support this activity.

- (8) An increase of \$2,000,000 for Child and Adult Care Food Program.

Explanation of Change. This increase provides \$2,000,000 for monitoring, training and technical assistance to State agencies on program management and oversight in CACFP, and to directly conduct additional monitoring activity, as appropriate, similar to what is currently provided in the Summer Food Service Program and the National School Lunch Program under Coordinated Review Effort (CRE). In addition, the funds will support the Department's efforts to collect and analyze extant State and sponsor data in order to develop estimates of erroneous payments in CACFP, as required by the Improper Payments Information Act.

## 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 for Children, Fresh Fruit and Vegetable Program, Child and Adult Care Food Program, and the Summer Food Service 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. In participating schools, the Fresh Fruit and Vegetable Program provides free fresh fruits and vegetables outside of the regular meal service to all students. 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. 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. 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 was signed into law on June 30, 2004, made a number of changes to the Child Nutrition Programs in the areas of program access, healthy school nutrition environments, and integrity. The agency is currently in the process of promulgating 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 consistent with the *Dietary Guidelines for Americans* served to students during lunch periods at school and for snacks served to children participating in after school care programs. 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, 2006, to June 30, 2007, a child from a family of four with an annual income of \$26,000 or less will be eligible for free meals, and a child from a family of four with a family income of no more than \$37,000 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 2006, more than half of all school children in America were provided a NSLP lunch.
- In FY 2006, a total of 5.0 billion meals were served in the NSLP.
- In FY 2006, approximately 59 percent of total meals served were provided free or at a reduced price, about the same as in FY 2005.

### **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 2004-2005 indicate that administrative reviews were conducted at 4,128 SFAs and 5,874 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 June 1994, 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 are making progress in meeting the SMI nutrition goals.

To build upon the successful 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 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.

Three national State agency training sessions were conducted in 2006 to educate State agencies on the revised State Monitoring Guide and forms, the Nutrient Analysis Protocols, and the Road to SMI Success. FNS is in 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.

Team Nutrition continues to actively support the Memorandum of Understanding (MOU) among the Department of Education (ED), the Department of Health and Human Services (DHHS) and USDA. The MOU establishes a general framework for cooperation among ED, DHHS and USDA whereby they will work towards encouraging all youth to adopt healthy eating and physical activity behaviors. These efforts are designed to address the increasing rate of obesity and overweight, particularly in children and youth, and to promote better health status to improve educational attainment. Team Nutrition also supports an MOU signed with the 5-A-Day Coalition to encourage children to eat more fruits and vegetables.

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 association meetings. In addition, training is provided through food procurement, financial management, leadership, culinary skills, child and adult care 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 Childcare have been revised through the NFSMI cooperative agreement and are available on the NFSMI Web site at: <http://www.nfsmi.org/Information/resourceguide.htm#RECIPES-INDEX>. 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 \$46 million in training grants to State agencies over a period of 12 years. These grants are intended to establish and enhance a Statewide sustainable infrastructure and training system 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 food service 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 MyPyramid for Kids educational materials for elementary school age children, including 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.

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. More than 45,000 kits have been distributed to State agencies and on an order basis to individuals working with local schools. In cooperation with the Centers for Disease Control and Prevention (CDC), Team Nutrition developed *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.

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, providing students with nutritious food and beverage choices outside of the school meals programs, and providing nutrition education and physical activity opportunities for their students, are recognized as a Gold or Silver HealthierUS School. More than 100 schools have been recognized to date.

In addition, FNS provides support to food service staff, via the Internet, through the food service resource system, which provides access to print and electronic training materials and the Child Nutrition Database, a database of common foods, USDA commodities, and new recipes.

### **Program Assessment**

The Office of Management and Budget (OMB) completed a Program Assessment Rating Tool (PART) review of the NSLP in 2003 and a re-assessment in FY 2006 and rated the program as moderately effective. While the reviews showed that the NSLP is generally well designed and has a clear purpose, they 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; 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 free, reduced price, and paid meal rates. 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. As a result of a change made through the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265), schools eligible for the severe need rate are no longer required to document that the cost of the meal exceeds the severe need rate.

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 2006, program availability had risen to 84,189 institutions with an enrollment of 42.2 million students, compared with the FY 1990 levels of 42,766 institutions with an enrollment of 20.7 million.
- The program is now available to 84 percent of the students enrolled in schools participating in the lunch program, as compared to 50 percent in FY 1990. Average daily participation in FY 2006 was 9.8 million, an increase of approximately 4.2 percent from the prior year.

- The portion of total meals served free or at a reduced price was about 81 percent during FY 2006.

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

### **Program Assessment**

OMB completed a PART review of the SBP in 2004 and rated the program as moderately effective. While the review showed that the SBP is generally well designed and has a clear purpose, it also noted that inaccuracy in the certification of participants remains an important problem. FNS is implementing new legislative provisions to improve the certification process for school meals, including mandatory direct certification requirements, household applications, focused verification, and verification follow-up. USDA is currently conducting a study to determine the level of erroneous payments in the school meals programs and the sources of these errors.

## **SPECIAL MILK PROGRAM**

### **Program Mission**

The Special Milk Program (SMP) has encouraged consumption of fluid milk since 1955. By law, 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 National School Lunch or School Breakfast Programs may also participate in the Special Milk Program 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. The Federal Government reimburses participating schools and child care institutions 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 190.2 million in FY 1990 to 96.6 million in FY 2006.
- The number of participating schools, institutions and summer camps decreased by 374, 70, and 91, respectively, for a total decrease of 7.6 percent as compared to FY 2005.

## **CHILD AND ADULT CARE FOOD PROGRAM**

### **Program Mission**

The Child and Adult Care Food Program (CACFP) is authorized under Section 17 of the Richard B. Russell National School Lunch Act. 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 after school 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 with at least 25 percent of their enrollment or licensed capacity receiving Title XX funds or be 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, including at-risk 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. In addition, funds are made available to the States for audit expenses associated with the administration of the CACFP. FNS directly administers the CACFP only 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 day-care 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 Program 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 2006, the combined average daily attendance in CACFP was approximately 3.0 million children and adults.
- Of these, 2.1 million are in child care centers and approximately 850,000 are in family day care homes.
- On average, a CACFP child care center will have about 45 children in attendance on an average day, and receive about \$25,000 a year in meal reimbursement.
- By comparison, on average a family day care home will care for and feed six children on an average day, and receive about \$4,800 a year in meal reimbursement.
- Total meal service increased slightly from 1.828 billion in FY 2005 to 1.831 billion 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 regulations and guidance, FNS conducted 21 Child Care Assessment Project reviews in FY 2006. 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**

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. USDA has developed new long-term measures, and is pilot-testing a process to collect annual data on compliance with meal pattern requirements. It has also undertaken a management improvement initiative to address identified weaknesses in program management, and is 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. The SFSP is authorized under Section 13 of the Richard B. Russell National School Lunch Act. 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 2006, the peak month of program operations, about 1.9 million children participated in the program on an average day.
- During 2006, 30,171 feeding sites provided 118 million meals to needy children during summer break.

#### **Program Assessment**

OMB completed a PART review of the SFSP in 2006 and rated the program as moderately effective. The review found that the program is effectively providing nutritious meals to low-income children and that 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. In response to these findings, FNS is supporting greater use of optional alternative operating procedures designed to encourage summer meal service by schools; program meal patterns will also be reviewed 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 FY's 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. The five States awarded Rural Transportation Grants are compiling project reports from the first year of the grants. These reports will be summarized and forwarded to Congress in early 2008.

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 in each of the pilot States and Indian Tribal Organization (ITO). 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 ITO, and extended the program to four new States and

two ITOs. In 2005, the President signed Public Law 109-97, which further expanded the FFVP by appropriating an additional \$6 million to carry out the program in 6 more States. Currently, the FFVP operates in a total of 375 schools located in 14 States and 3 ITOs. Free fresh and dried fruits and fresh vegetables are provided outside of the regular meal services to all students in participating schools.

The program now operates in 14 States and three ITOs. The eight permanent States and ITOs are: Iowa, Michigan, Indiana, Ohio, Washington, Pennsylvania, North Carolina, Mississippi, the South Dakota Oglala Sioux Tribe ITO, the Arizona Gila River Pima Community and Tohona O'odham ITO, and the New Mexico Zuni ITO. The States authorized to participate in the program through June 30, 2007, under Public Law 109-97 are: Utah, Wisconsin, New Mexico, Texas, Connecticut and Idaho. These States are funded at \$6 million in FY 2006.

### 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 (e.g., the development of school food safety programs based on Hazard Analysis and Critical Control Point (HACCP) principles). Additionally, the Rapid Alert System (RAS) component was developed and deployed to use multiple delivery methods (e-mail, phone, text messaging) to alert commodity program participants of potential food safety/food defense situations affecting USDA-provided commodities. FNS will continue to expand and enhance the coordination of our efforts with other government agencies and departments.

Food safety research, training, and other resources were developed by the 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. Examples of food safety activities conducted in FY 2006 by NFSMI, under food safety cooperative agreements with FNS, include:

- Conducted food safety and HACCP training at State agency and association meetings (from October 1, 2005, through September 30, 2006, NFSMI presented 83 sessions to 3,846 participants in 22 different States);
- Updated HACCP training materials to reflect school food safety programs based on using the Process Approach to HACCP principles. Materials consist of a Participant Workbook, a template for a School Food Safety Program, and a PowerPoint® presentation. These materials are posted on the NFSMI Web site ([www.nfsmi.org](http://www.nfsmi.org));
- Maintained an ongoing training program specifically on the *School Food Safety Program Based on HACCP Principles*;
- Developed food safety Standard Operating Procedures (SOPs) for school food service operations. SOPs are available on the NFSMI Web site and can be customized to meet the needs of the local school site; and
- Duplicated and distributed approximately 20,000 food defense resources to SFAs. The resource package contains a 12-minute video on DVD and VHS, an Excel spreadsheet and Adobe PDF format of the *Biosecurity Checklist* on an interactive CD-ROM. In addition, there is a complementary interactive Web site at [nfsmi.org](http://nfsmi.org).

Finally, the Child Nutrition and WIC Reauthorization Act of 2004 amended the Richard B. Russell National School Lunch Act to require that schools must now have two food safety inspections each year instead of the one as previously required.

## **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), Agricultural Marketing Service (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 and other programs.

The commodity subsidy for the NSLP and CACFP is authorized by Section 6(c) of the Richard B. Russell National School Lunch Act 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) authorizes commodity assistance for the SFSP. Additionally, Section 6(e) of the Richard B. Russell National School Lunch Act (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 2006 Commodity Assistance**

In FY 2006, schools, day care centers and residential institutions were authorized to receive an average of 17.50 cents worth of commodities per lunch/supper served. Commodity assistance to Child Nutrition Programs (excluding bonus commodities) totaled \$931 million for FY 2006. In SY 2005-06, July 1, 2005, to June 30, 2006, FNS faced a shortfall in meeting the 12 percent requirement; the shortfall was approximately \$84.8 million. 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 Richard B. Russell National School Lunch Act 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 which 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 124 active State agencies and ITOs, 2,750 recipient agencies, and over 100 processors on-line with ECOS. 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 are planning to enroll their recipient agencies in FY 2007.

ECOS has improved the process of ordering and tracking commodities for its program partners and customers. In FY 2006, FNS enhanced ECOS with the following new features:

- The RAS component was developed and deployed to alert commodity program participants through various delivery methods (e-mail, phone, text messaging) of potential food safety/bio-security situations affecting USDA-provided commodities. This feature significantly reduces communication

time between USDA and State distributing agencies and improves the accuracy of data collection for commodity product holds and recalls.

- The disaster feeding component was developed to manage communications and tracking of commodity needs between FNS, AMS and FSA. The system accepts requests for commodities, which are then assigned to the appropriate agency for fulfillment. Agency staff update the status of the request with information on the commodities supplied and their delivery dates. Reports and extract files are available for each agency to manage their fulfillment efforts and to provide status reports. States requesting commodities for disaster feeding can access reports to determine the status of their commodity delivery requests.
- The household program/multi-food ordering component was developed to support the FNS national warehouse initiative. Rollout and implementation of this component is expected in FY 2007. Once implemented, this new capability will allow CSFP and FDPIR State agencies and ITOs to place orders directly for multi-food shipments for the food assistance programs. The national warehouse initiative will improve service to participants by (1) establishing confirmed delivery schedules, (2) guaranteeing delivery of ordered product and (3) supporting a "just in time" ordering process that allows the State agency or ITO to order up to 5 days prior to scheduled delivery date.

**COMMODITY ASSISTANCE PROVIDED TO CHILD NUTRITION PROGRAMS  
VALUE OF COMMODITIES AND CASH-IN-LIEU OF COMMODITIES  
FISCAL YEAR 2006**

	Value (In \$ Millions)
<b>Entitlement Commodities</b>	
Commodities Financed with Funds Appropriated to FNS (Section 6(e)):	
Meats, Poultry, Fruit, and Vegetables	144.4
Grains, Oils, Peanut Products, Cheese, Flour and Dairy	236.8
Subtotal:	381.2
Financed with Funds Appropriated to CCC (Section 416) or AMS and "donated" to FNS:	
Meat, Poultry, Fish, Fruits and Vegetables (AMS)	549.8
Subtotal: Entitlement Commodities	931.0
Cash in Lieu of Entitlement Commodities:	
Kansas	10.1
Child and Adult Care Food Program	78.2
Cash CLOC	11.2
Subtotal: Cash in Lieu of Entitlement Commodities	99.5
<b>TOTAL: Entitlement Commodities and Cash-in-Lieu</b>	<b>1,030.5</b>
Bonus Commodities:	
Fruits and Vegetables (AMS)	11.0
Subtotal: Bonus Commodities	11.0
Administrative Expenses:	
AMS & FSA Reimbursement	2.5
Processed Commodity Inventory Management System	4.4
Update Commodity System Computer Software	2.4
Subtotal: Administrative Expenses	9.3
<b>GRAND TOTAL</b>	<b>1,050.8</b>
MEMO: Total FNS funds for commodities and admin expenses	490.0

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 needs of FNS outlets and programs.

- **Surplus Removal Program** - In FY 2006, almost \$11 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, FSA did not purchase bonus commodities that were distributed through Child Nutrition Programs during FY 2006.

### **Commodity Administrative Expenses**

Funding is also included for 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. ECOS continues to be updated and enhanced to support the commodity programs (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 1995. Forty-six States, Puerto Rico, the District of Columbia, Guam and the Virgin Islands spent \$50 million in entitlement funds on produce through this program in SY 2006. In addition to Federal purchases, 20 States, Puerto Rico, the District of Columbia, Guam and the Virgin Islands used Section 4 and 11 funds to purchase over \$22 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 2006, an initial amount of \$156.1 million was allocated for State Administrative Expenses (SAE), including \$89.8 million for administration of the school food programs, \$54.9 million for the administration of the Child and Adult Care Food Program, and \$11.4 million for the administration of the Food Distribution Program.

Funds appropriated for SAE are available to States for obligation over a two-year period. Reports indicate that about \$21.5 million was carried over at the State level from FY 2006 into FY 2007, an amount equal to 13.8 percent of the FY 2006 appropriation for State Administrative Expenses. 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 Studies and Evaluations**

The following studies and reports were released by FNS in 2006 and are available on the FNS Web site at <http://www.fns.usda.gov/oane/MENU/Published/CNP/CNP.HTM>:

#### **Analysis of Summer Food Service Program and Food Needs of Nonparticipating Children - February 2006**

The Analysis of the SFSP and Food Needs of Nonparticipating Children was designed to determine why children who attended elementary school during the 2003-2004 school year and were eligible for free or reduced price meals did not participate in SFSP. The target sample for this study was a non-probability sample of 200 households with elementary school-aged, SFSP-eligible children. Results of the survey

cannot be generalized nationwide due to the limited sample size and the restricting of sampling to households in areas of Miami, FL; Kansas City, MO; Oakland, CA; and Salisbury, MD. Eighty-three percent of the households included non-participating SFSP-eligible children while 17 percent included participating SFSP-eligible children. The findings include:

- More than half of the parents or guardians whose children were non-participating but SFSP eligible during the previous school year were not aware of SFSP sites in their areas. Among the 55 parents or guardians who were aware of sites but did not send their children, 23 (42 percent) had chosen a different summer program. The others gave various reasons why the SFSP they knew about did not meet their needs;
- Households with non-participating SFSP-eligible children that did not know about a local SFSP site were more likely than others to be classified as moderately or severely hungry, according to a Food Security Index developed from the USDA Guide to Measuring Household Food Security;
- Parents or guardians with participating SFSP-eligible children relied heavily on the program to provide breakfast (79 percent) or lunch (91 percent) for their children. Parents of non-participating SFSP-eligible children thought it was important for a summer program to provide breakfast and lunch for their children;
- Most parents, when queried in person, thought that their children were fed properly even after the program was over for the summer, and were satisfied with the feeding arrangements for their children even when the program was not in session. During the in-person interview, 18 of the 19 respondents with participating SFSP-eligible children indicated that they had no problem feeding their children when the program was not in session; and
- Over half of mothers took care of their children themselves when or if they were not participating in the SFSP. Other caretakers included day care centers, summer schools, camps and individuals known to the family. About 20 percent of respondents indicated that there were periods of time during the day when no one was available to watch the child, and most thought this was a problem.

The study concludes that SFSP clearly is important to households with SFSP-eligible children who participate in the program. Most of these households rely on the program to provide breakfast and lunch for their children. Virtually all households with non-participating SFSP-eligible children would like their children to have access to a summer program that provides breakfast and lunch. More information about the SFSP sites, perhaps presented through the schools, might be a reasonable approach for raising rates of participation. States should also be encouraged to solicit the participation of all qualified summer food providers for children into the Summer Food Program, as either sponsors or operators of summer sites under a SFSP sponsor.

#### **Accuracy of SFA Processing of School Lunch Applications – Regional Office Review of Applications (RORA) 2005 - December 2005**

This is the first of a series of annual reports that will assess the administrative error associated with SFA's approval of applications for free and reduced price school meals. More than 95 percent of students who were approved for benefits on the basis of an application were receiving correct benefits, based on the information in the application files. In SY 2004-05, 3.5 percent of all students who submitted an application for free/reduced price meal benefits had an administrative error in the processing of their applications (4.2 percent if categorically eligible students are excluded). The study found that:

- Few errors are made on applications which are approved based on the household's categorical eligibility;
- More errors are made on applications where decisions are based on the SFA's determination of household size and income. SFAs are more accurate in determining household size than they are in determining gross monthly income;
- Administrative errors made by SFAs in calculating household size and income varied; and
- Accuracy of meal benefit status was slightly lower than the accuracy of eligibility determination at the time of certification. Meal benefit status was correct for 95.7 percent of the students.

### **Analysis of Verification Summary Data School Year 2004-05**

On September 11, 2004, FNS published a final regulation on Verification Reporting and Recordkeeping requirements in the National School Lunch and School Breakfast Programs. The regulation requires each State agency to submit an annual report to FNS on the results of verification activities for each SFA under its jurisdiction. The first required reporting under the regulation covered verification activities for SY 2004-05.

This report summarizes data provided by more than 16,000 SFAs on the certification and verification of NSLP applications received during the SY 2004-05. The goal of this analysis was to highlight the outcomes of the various methods of approving and verifying applications, and to provide context for upcoming changes to certification and verification processes as outlined in the Child Nutrition and WIC Reauthorization Act of 2004. The findings include:

- The majority of the students certified for free meals were approved based on income. Students certified for reduced price meals represented 22.7 percent of total number of students eligible for free and reduced priced meals;
- Of the applications selected for verification, the majority remained unchanged in meal status. A change in application meal status primarily occurred due to non-response to the verification inquiry;
- Applications approved based on categorical eligibility were less likely to experience a change in meal status as compared to income-approved free and reduced price meal applications;
- The majority of applications selected for verification were randomly sampled. Districts which used focused sampling to verify applications had the largest share of applications change in meal status. Districts which verified all meal applications had the smallest percentage of application status changes; and
- Large SFAs (more than 20,000 enrolled students) had the greatest percentage of applications changed to paid due to non-response, while very small SFAs (less than 1,000 enrolled students) had no change in meal status for the majority of their applications.

In addition to completing the reports listed above, substantial progress was made on several other major research efforts:

- **School Nutrition Dietary Assessment (SNDA – III).** Data collection is complete and analysis is underway for the third major assessment of the nutritional quality as compared to recommendations in the *Dietary Guidelines for Americans* and effects of school meals on dietary intake and school performance. We expect the final report to be released in FY 2007.
- **NSLP/SBP Access, Participation, Eligibility and Certification Study.** Data collection is complete and analysis is underway for the first national estimates for erroneous payments in the school meals programs. We expect the final report to be released in FY 2007.
- **School Lunch and Breakfast Cost Study II.** Data collection is in progress for this study. We expect the final report to be released in FY 2008.

## SPECIAL MILK AND CHILD NUTRITION PROGRAMS

## FINANCING FOR FISCAL YEAR 2006

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	\$54,276	\$140,626,428	\$39,539,201	\$2,800,636	\$20,289,040	\$33,900,051	\$4,158,239	\$241,367,871
Alaska	8,534	23,222,457	4,986,178	550,281	1,520,887	7,186,284	406,754	37,881,376
Arizona	112,353	163,074,022	41,123,688	3,217,743	22,070,600	42,852,963	2,356,018	274,807,388
Arkansas	20,402	88,703,490	29,311,254	1,898,693	10,326,789	28,446,735	2,184,742	160,892,104
California	657,125	960,948,106	244,215,028	18,688,202	108,392,447	241,872,521	14,023,341	1,588,796,772
Colorado	143,057	77,685,727	17,156,621	1,575,316	12,006,272	18,856,086	1,448,267	128,871,346
Connecticut	374,545	59,462,522	12,827,903	1,174,642	9,179,000	10,695,275	820,554	94,534,442
Delaware	37,942	16,666,689	4,899,172	576,625	2,907,358	10,350,281	1,474,788	36,912,855
District of Columbia	14,676	14,649,185	4,116,602	423,916	1,489,221	3,616,894	3,597,027	27,907,521
Florida	80,226	404,115,306	119,072,048	8,219,260	53,396,984	111,034,412	15,905,408	711,823,643
Georgia	34,547	310,125,890	102,069,330	5,932,688	38,827,089	81,192,798	9,711,605	547,893,947
Hawaii	6,697	28,354,107	7,320,668	627,485	3,644,158	4,791,289	575,782	45,320,186
Idaho	202,457	33,921,564	10,408,108	664,023	4,574,289	5,103,269	2,781,345	57,655,054
Illinois	3,013,702	284,407,578	57,685,688	6,134,148	37,093,398	97,786,163	9,413,261	495,533,937
Indiana	310,618	138,479,921	33,279,275	2,628,641	23,745,370	30,736,394	4,912,026	234,092,245
Iowa	79,509	62,924,242	13,470,274	1,424,987	11,445,851	20,627,709	1,359,387	111,331,958
Kansas	133,232	62,605,755	15,434,065	1,588,226	9,787,527	30,046,602	1,739,662	121,335,070
Kentucky	75,409	122,666,876	42,329,176	2,432,445	18,334,778	24,716,414	9,746,665	220,301,763
Louisiana	31,329	151,869,084	45,828,419	3,748,602	18,136,428	46,106,125	6,318,237	272,038,223
Maine	59,070	22,452,809	6,032,804	663,896	3,670,345	9,228,229	829,795	42,936,948
Maryland	429,631	91,658,437	23,746,497	2,206,813	17,088,743	33,230,175	4,682,101	173,042,397
Massachusetts	430,466	102,191,445	26,919,393	2,589,112	19,140,486	43,297,729	3,904,437	198,473,068
Michigan	744,970	184,249,185	46,486,760	3,930,374	23,105,434	51,045,665	4,452,264	314,014,651
Minnesota	945,483	94,386,555	21,505,216	2,855,573	19,291,384	54,276,094	2,559,662	195,819,967
Mississippi	2,296	126,243,562	42,730,229	2,447,459	13,652,379	27,274,324	3,919,140	216,269,389
Missouri	504,818	134,629,532	40,821,646	2,875,516	21,393,953	39,092,717	8,596,597	247,914,779
Montana	39,182	17,620,887	4,495,139	591,767	2,359,071	9,101,020	742,430	34,949,495
Nebraska	76,187	40,006,240	8,713,200	1,258,789	8,144,838	23,079,252	923,355	82,201,860
Nevada	110,958	48,853,653	11,782,727	757,031	6,327,369	4,032,985	851,296	72,716,018
New Hampshire	242,850	15,764,873	3,069,308	444,704	3,737,328	2,843,435	727,599	26,830,097
New Jersey	954,474	145,162,069	34,067,608	3,026,665	22,753,725	50,258,389	6,512,022	262,734,953
New Mexico	15,919	64,259,488	26,353,541	1,899,697	7,901,367	34,496,202	4,960,838	139,887,053
New York	919,726	463,598,709	111,431,302	9,745,700	62,608,265	149,995,256	36,519,867	834,818,825
North Carolina	162,589	236,140,252	73,581,144	5,096,514	34,476,149	72,376,863	4,720,383	426,553,894
North Dakota	78,173	12,134,882	2,807,672	595,436	2,848,038	9,107,364	457,953	28,029,518
Ohio	740,811	219,989,497	56,990,297	4,451,858	35,561,666	63,168,157	6,507,050	387,409,336
Oklahoma	47,000	106,372,540	36,520,802	2,820,039	13,192,646	48,926,815	2,765,641	210,645,483
Oregon	135,898	72,946,390	25,747,503	1,674,445	10,348,151	22,756,434	3,248,327	136,857,148
Pennsylvania	654,043	225,243,150	50,474,788	4,292,724	42,983,545	57,680,317	11,401,525	392,730,091
Rhode Island	80,058	20,103,391	5,159,740	561,926	2,874,894	7,167,566	1,357,609	37,305,183
South Carolina	7,865	130,186,533	46,549,965	2,477,527	14,419,429	23,273,882	6,501,314	223,416,515
South Dakota	37,146	19,153,784	4,852,473	562,775	3,556,584	6,627,396	735,383	35,525,540
Tennessee	24,504	161,538,550	48,591,392	3,213,535	23,171,201	39,977,061	5,966,673	282,482,916
Texas	73,313	846,827,706	277,836,940	15,313,496	101,267,889	181,695,199	27,090,758	1,450,105,301
Utah	72,298	57,542,216	11,291,684	1,392,130	10,119,109	19,162,396	2,089,944	101,669,776
Vermont	90,772	9,611,531	3,183,938	454,314	1,657,940	3,912,305	298,423	19,209,222
Virginia	264,258	140,681,520	38,462,096	2,593,987	22,818,000	28,391,102	5,940,086	239,151,049
Washington	256,995	119,856,722	30,439,691	2,644,795	17,906,090	37,873,752	3,591,987	212,570,032
West Virginia	39,508	46,222,616	17,048,195	1,154,756	6,581,871	14,740,767	1,874,035	87,661,748
Wisconsin	1,125,061	100,393,015	16,933,491	2,270,546	21,270,163	34,508,150	3,682,016	180,182,442
Wyoming	21,774	9,322,099	2,201,794	465,129	1,033,216	4,844,107	355,953	18,244,073
American Samoa	0	0	0	0	0	0	0	0
Guam	3,004	5,609,508	1,752,634	306,620	132,520	53,122	0	7,857,409
North Mariana Islands	0	0	0	0	0	0	0	0
Puerto Rico	0	104,368,550	26,392,395	2,145,039	5,773,537	21,785,859	9,137,187	169,602,568
Trust Territory (excluding NMI)	0	0	0	0	0	0	0	0
Virgin Islands	2,036	4,505,578	882,953	343,019	403,651	653,601	505,851	7,296,689
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	5,290,382	30,284	0	1,287,000	0	0	6,607,666
AMS/FSA/PCIMS	0	0	0	0	9,349,000	0	0	9,349,000
Board of Jewish ED	0	0	0	0	1,340,000	0	0	1,340,000
Undistributed	371,226	220,130,194	55,138,061	1,630,735	28,085,538	61,236,052	12,881,392	379,473,197.01
<b>TOTAL</b>	<b>\$15,155,000</b>	<b>\$7,569,757,000</b>	<b>\$2,086,098,000</b>	<b>\$156,061,000</b>	<b>\$1,050,800,000</b>	<b>\$2,141,088,000</b>	<b>\$284,224,000</b>	<b>\$13,303,183,000</b>

NOTE: Data is based on obligations as reported September 30, 2006. Commodities are based on food orders for fiscal year 2006. Totals may not add due to rounding.

## FOOD AND NUTRITION SERVICE

## CHILD NUTRITION PROGRAM

Quantity and Value of Commodities

Fiscal Year 2006

Figures in Thousands

ENTITLEMENT COMMODITIES	Pounds	Dollars
SECTION 6/32 TYPE:		
ALMONDS, ROASTED	112	\$318
APPLE SLICES	10,386	4,287
APPLE SLICES, FROZEN	3,920	1,264
APPLES	3,086	1,011
APPLESAUCE 10	44,297	13,862
APRICOTS	2,134	1,045
BEANS, B LIMA CND	70	27
BEANS S RED CND	1,085	282
BEANS VEG 10	4,616	1,203
BEANS, BLKEYE CND	629	165
BEANS, BLK TUTL 10	315	81
BEANS, GBZO CND	280	75
BEANS, GREEN 10	20,795	6,403
BEANS, GREEN FROZEN	5,188	2,496
BEANS, GRT NORTH CND	80	23
BEANS, KIDNEY CND	735	191
BEANS, PINK CND	210	79
BEANS, PINTO CND	4,644	1,208
BEANS, REFRIED	3,078	1,051
BEEF, CND 24 OZ	144	307
BEEF NJ	216	459
BEEF PATTIES, ALL 40	5,054	8,080
BEEF PATTIES, LEAN 40	1,710	2,901
BEEF PATTIES, VPP 40	4,284	5,526
BEEF SLOP JOE	600	934
BEEF TACO FILL	960	1,487
BEEF, 40	44,161	63,145
BEEF, BREAD PAT	240	451
BEEF, BULK COARSE	77,415	108,401
BEEF, CRUMB	3,240	5,578
BF BNLS FRSH COMBO	2,640	3,729
BF PTY SPP CKDHSY 40	1,368	2,343
BONELESS PICNIC 60LB	13,087	11,867
CARROTS 30	1,901	734
CARROTS, 10	3,422	1,104
CHERRIES DRIED	237	911
CHERRIES FRZ	768	497
CHERRIES IQF	691	516
CHERRIES RED 10	528	282
CHICKEN CND	937	1,628
CHICKEN, BREADED	15,159	20,821
CHICKEN, CHILLED BULK	144,576	75,086
CHICKEN, CUT-UP FROZEN	13,919	8,265
CHICKEN, DICED FROZEN	10,629	16,848
CHICKEN, FAJITA MEAT FROZEN	9,945	16,797
CHICKEN, LIGHT BULK	36	11
CHICKEN, THIGHS CHILLED	432	178
CORN COB	4,871	1,930
CORN LQD 10	20,772	6,386
CORN, FROZEN	10,534	3,737
DPSC-FRESH PRODUCE*		49,529
EGGS, WHOLE FROZEN	6,230	2,998
EGGS, WHOLE LIQUID	10,704	3,398
FRUIT MIX 10	10,273	5,366
FRT-NUT MIX	326	768
HAM, COOKED WATER ADDED CHILLED	160	224
HAM, FRZ WATERADD 40	9,680	13,893
ORANGE J	3,125	1,581
PEACHES, CLING	35,539	17,227
PEACHES, CUP 4.4	12,154	10,181
PEACHES, FROZEN	380	262
PEARS, CANNED	31,028	15,358
PEARS, FRESH	1,124	402
PEAS, CANNED	2,053	769
PEAS, FROZEN	2,178	913
PINEAPPLE, CANNED	35,448	25,678
PORK BREADED PTY CKD	160	243
PORK, CANNED 24 OZ	108	181
PORK C SLOPPY JOE MX	480	649
PORK C TACO	160	207
PORK CRUMB W/ SPP	160	233
PORK, NJ	288	451
PORK PTY LINK CKD	280	395
PORK, ROAST FROZEN	4,840	6,775
PORK SND PTY CKD	380	540
POTATO ROUNDS, FROZEN	24,180	9,894
POTATOES RUSSET	560	124
POTATO WEDGES, FROZEN	16,576	7,063
POTATOES, FRESH	99,480	6,692
POTATOES, OVEN	20,592	8,737
RAISINS	1,305	1,202
SALSA, CANNED	9,589	3,535
SPAGHETTI SAUCE, CANNED	13,240	3,292
STRAWBERRIES	3,287	2,649
SWEET POTATOES	670	432
TOMATO PASTE, BULK	3,434	1,291
TOMATO PASTE, CANNED	1,518	701
TOMATO PASTE, DRUM	809	421
TOMATO SAUCE, CANNED	3,118	808
TOMATOES, CANNED	767	230
TOMATOES, DICED CANNED	4,383	1,377
TUNA 66.5	2,370	4,584
TUNA, POUCH	903	2,344
TURKEY, BREAST DELI FROZEN	8,944	19,637
TURKEY, CHILLED BULK	24,408	18,756
TURKEY, HAM FROZEN	9,428	12,024
TURKEY, ROASTS FROZEN	9,800	14,169
TURKEY, TACO	3,548	3,773
TURKEY, WHOLE FROZEN	798	699
<b>Total Section 6/32 Type</b>	<b>931,310</b>	<b>\$688,627</b>

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

Quantity and Value of Commodities  
Fiscal Year 2006  
Figures in Thousands

ENTITLEMENT COMMODITIES	Pounds	Dollars
<b>SECTION 416 TYPE:</b>		
BHW	30,537	\$4,818
CHEESE BARREL 500	18,320	24,495
CHEESE LOAVES	4,712	6,819
CHEESE MOZZARELLA	68,746	89,697
CHEESE, BLEND SLICED	8,989	12,350
CHEESE, CHEDDAR	4,155	6,111
CHEESE, CHEDDAR, RED. FAT SHRED	5,376	8,863
CHEESE, CHEDDAR, REDUCED FAT	400	668
CHEESE, CHEDDAR, SHREDDED	7,526	11,673
CHEESE, SLICED	28,630	39,883
CORN, YELLOW	321	28
CORNMEAL	429	60
FLOUR	24,710	4,518
FLOUR MIX	42	20
FLOUR MIX, LOWFAT	294	185
GRITS	171	29
MACARONI	2,811	897
MASA 50 YELLOW	130	29
OATS, ROLLED	967	330
OIL, SOYBEAN LSF	1,959	1,157
OIL, VEGETABLE	23,731	8,582
PEANUT BUTTER	14,325	8,071
PEANUTS, ROASTED	35	25
RICE, BROWN	336	79
RICE, L & M	4,704	1,119
RICE, PARBOILED	1,680	396
ROASTED RUNNER	276	215
ROTINI	3,948	1,330
SHORTENING	2,236	1,492
SHORTENING LIQ	2,478	1,012
SPAGHETTI	4,028	1,274
SUNFLOWER BUTTER	480	605
<b>Total Section 416 Type</b>	<b>267,881</b>	<b>\$236,833</b>
Anticipated Adjustment		5,516
AMS / FSA / PCIMS Admin. Expenses		9,349
<b>TOTAL COMMODITY ENTITLEMENT</b>	<b>1,199,191</b>	<b>\$940,325</b>

BONUS COMMODITIES	Pounds	Dollars
<b>SECTION 32 TYPE:</b>		
BEANS	2,120	\$589
CHERRIES, FRZ	4,032	2,862
CHERRIES, IQF	2,688	2,064
CRANBERRY PRODUCTS	1,243	462
GRAPE J	273	133
PEACHES CLING	36	18
PEAS SPLIT 25	360	81
PINEAPPLE CRUSHED	2,610	1,868
SWEET POTATOES	6,123	2,888
<b>Total Section 32 Type</b>	<b>19,486</b>	<b>\$10,965</b>

BONUS COMMODITIES	Pounds	Dollars
<b>SECTION 416 TYPE:</b>		
<b>Total Section 416 Type</b>	<b>0</b>	<b>0</b>
Anticipated Adjustment		
<b>TOTAL BONUS COMMODITIES</b>	<b>19,486</b>	<b>10,965</b>
<b>TOTAL - ALL COMMODITIES</b>	<b>1,218,677</b>	<b>\$951,291</b>
Cash In-Lieu of Commodities		99,509
<b>GRAND TOTAL</b>	<b>1,218,677</b>	<b>\$1,050,800</b>

Source: PCIMS - Delivery order and contract information.

\* DPSC-FRESH PRODUCE figure is from ECOS PY2006 Entitlement Report.

## FOOD AND NUTRITION SERVICE

## CHILD NUTRITION PROGRAM

## Value of Commodities to States

## Entitlement and Bonus

Fiscal Year 2006

Figures in Thousands

STATE OR TERRITORY	Entitlement	Bonus	Total
Alabama.....	\$18,726	\$259	\$18,986
Alaska.....	1,367	0	1,367
Arizona.....	20,448	168	20,616
Arkansas.....	9,014	314	9,328
California.....	101,061	464	101,524
Colorado.....	11,426	26	11,452
Connecticut.....	8,616	211	8,826
Delaware.....	2,609	0	2,609
District of Columbia.....	1,304	0	1,304
Florida.....	47,888	618	48,506
Georgia.....	34,828	684	35,513
Hawaii.....	3,383	0	3,383
Idaho.....	4,353	57	4,409
Illinois.....	34,060	260	34,320
Indiana.....	22,594	220	22,814
Iowa.....	10,619	147	10,766
Kansas.....	0	0	0
Kentucky.....	16,738	400	17,138
Louisiana.....	16,793	507	17,301
Maine.....	3,506	28	3,534
Maryland.....	16,110	154	16,264
Massachusetts.....	17,971	257	18,228
Michigan.....	21,950	340	22,290
Minnesota.....	18,525	154	18,678
Mississippi.....	12,555	83	12,638
Missouri.....	19,576	228	19,804
Montana.....	2,170	0	2,170
Nebraska.....	7,623	191	7,814
Nevada.....	6,178	0	6,178
New Hampshire.....	3,617	70	3,687
New Jersey.....	19,875	438	20,314
New Mexico.....	7,156	121	7,277
New York.....	57,366	320	57,686
North Carolina.....	30,721	687	31,407
North Dakota.....	2,659	0	2,659
Ohio.....	32,553	482	33,035
Oklahoma.....	11,628	176	11,804
Oregon.....	9,796	72	9,868
Pennsylvania.....	39,654	543	40,197
Rhode Island.....	2,561	69	2,630
South Carolina.....	13,170	405	13,575
South Dakota.....	3,274	55	3,329
Tennessee.....	21,368	233	21,600
Texas.....	93,246	642	93,888
Utah.....	9,655	53	9,709
Vermont.....	1,591	15	1,607
Virginia.....	22,349	469	22,818
Washington.....	16,342	127	16,470
West Virginia.....	6,024	132	6,156
Wisconsin.....	20,063	0	20,063
Wyoming.....	871	27	898
American Samoa.....	0	0	0
Guam.....	124	0	124
Northern Mariana Islands.....	0	0	0
Puerto Rico.....	4,803	60	4,863
Trust Territory.....	0	0	0
Virgin Islands.....	374	0	374
Indian Tribes Set Aside.....	0	0	0
Indian Tribes.....	0	0	0
Freely Associated States.....	0	0	0
Board of Jewish Education.....	1,340	0	1,340
DOD Army / AF.....	1,287	0	1,287
AMS / FSA / PCIMS.....	9,349	0	9,349
*Undistributed.....	5,516	0	5,516
<b>TOTAL.....</b>	<b>\$940,325</b>	<b>\$10,965</b>	<b>\$951,290</b>

Source: PCIMS -- Delivery order and contract information.

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

FISCAL YEAR 2006

STATE OR TERRITORY	NUMBER OF SCHOOLS	ENROLLMENT (000)	PEAK PARTICIPATION (000)
Alabama	1,539	751	591
Alaska	433	105	53
Arizona	1,625	989	617
Arkansas	1,248	474	354
California	10,974	6,163	2,943
Colorado	1,635	725	364
Connecticut	1,114	550	313
Delaware	223	124	84
District of Columbia	234	72	48
Florida	3,672	2,696	1,576
Georgia	2,246	1,610	1,266
Hawaii	298	183	126
Idaho	689	232	163
Illinois	4,342	1,943	1,133
Indiana	2,257	1,051	728
Iowa	1,530	528	396
Kansas	1,602	507	341
Kentucky	1,484	714	552
Louisiana	1,490	681	586
Maine	714	197	113
Maryland	1,643	874	450
Massachusetts	2,348	986	563
Michigan	3,942	1,765	898
Minnesota	2,111	884	605
Mississippi	943	514	420
Missouri	2,522	970	641
Montana	802	146	85
Nebraska	1,011	296	236
Nevada	525	439	179
New Hampshire	501	207	114
New Jersey	2,678	1,285	615
New Mexico	857	338	219
New York	5,911	3,081	1,843
North Carolina	2,329	1,432	956
North Dakota	418	105	79
Ohio	4,106	2,222	1,104
Oklahoma	1,904	635	423
Oregon	1,340	552	302
Pennsylvania	3,885	1,850	1,137
Rhode Island	437	156	84
South Carolina	1,122	738	501
South Dakota	655	137	106
Tennessee	1,738	911	700
Texas	7,408	4,510	3,061
Utah	830	497	309
Vermont	344	98	56
Virginia	2,015	1,179	756
Washington	2,107	1,029	520
West Virginia	771	293	201
Wisconsin	2,523	922	595
Wyoming	364	84	52
American Samoa	0	0	0
Guam	41	32	20
North Mariana Islands	0	0	0
Puerto Rico	1,831	660	393
Trust Territory (excluding NMI)	0	0	0
Virgin Islands	66	20	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	57	26
Anticipated Adjustment	0	0	0
<b>TOTAL</b>	<b>101,493</b>	<b>50,196</b>	<b>30,609</b>

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 2006

STATE OR TERRITORY	TOTAL LUNCHES SERVED			
	PAID	REDUCED PRICE	FREE	TOTAL
Alabama	36,637	8,967	48,504	94,108
Alaska	3,112	1,067	4,755	8,934
Arizona	34,376	10,319	56,379	101,074
Arkansas	20,120	5,607	30,899	56,626
California	134,076	67,368	330,094	531,537
Colorado	27,141	5,169	25,999	58,308
Connecticut	27,195	3,991	19,217	50,403
Delaware	6,971	906	5,696	13,573
District of Columbia	1,536	422	5,464	7,422
Florida	85,790	27,306	137,372	250,468
Georgia	84,734	19,156	106,301	210,191
Hawaii	10,598	2,540	7,006	20,144
Idaho	12,073	3,380	10,379	25,832
Illinois	66,800	14,462	101,858	183,120
Indiana	64,919	11,009	43,459	119,387
Iowa	41,026	5,424	18,259	64,710
Kansas	28,399	5,982	18,690	53,071
Kentucky	37,820	7,988	41,556	87,364
Louisiana	28,077	6,286	56,148	90,511
Maine	9,666	1,740	7,177	18,583
Maryland	36,544	7,539	29,041	73,123
Massachusetts	52,057	5,832	33,149	91,037
Michigan	62,502	12,208	62,168	136,879
Minnesota	60,652	8,296	27,484	96,432
Mississippi	15,534	5,455	47,191	68,180
Missouri	50,389	9,671	43,861	103,921
Montana	7,299	1,553	5,484	14,336
Nebraska	21,492	3,806	11,766	37,064
Nevada	11,451	3,795	16,309	31,555
New Hampshire	13,902	1,407	4,189	19,497
New Jersey	53,594	9,741	46,776	110,111
New Mexico	9,002	3,854	22,620	35,475
New York	109,759	27,873	159,550	297,181
North Carolina	63,217	14,723	81,419	159,358
North Dakota	8,444	1,114	3,403	12,961
Ohio	88,108	14,617	72,846	175,572
Oklahoma	23,386	7,474	36,035	66,895
Oregon	18,338	5,163	24,566	48,067
Pennsylvania	101,982	16,053	71,962	189,998
Rhode Island	6,048	1,291	6,876	14,215
South Carolina	28,773	7,105	45,852	81,730
South Dakota	9,742	1,570	5,883	17,194
Tennessee	45,165	9,499	56,295	110,959
Texas	144,631	49,076	300,580	494,287
Utah	28,326	6,072	16,727	51,125
Vermont	5,178	878	2,843	8,899
Virginia	68,917	11,194	43,872	123,983
Washington	37,252	9,865	38,947	86,064
West Virginia	14,593	3,567	15,154	33,314
Wisconsin	58,248	8,378	29,910	96,536
Wyoming	4,746	1,058	2,639	8,443
American Samoa	0	0	0	0
Guam	1,049	200	2,093	3,342
North Mariana Islands	0	0	0	0
Puerto Rico	10,221	5,605	37,591	53,418
Trust Territory (excluding NMI)	0	0	0	0
Virgin Islands	387	211	1,679	2,277
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	3,103	1,010	1,010	5,123
Anticipated Adjustment	0	0	0	0
<b>TOTAL</b>	<b>2,035,099</b>	<b>485,837</b>	<b>2,482,751</b>	<b>5,003,687</b>

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 2006

STATE OR TERRITORY	NUMBER OF SCHOOLS AND INSTITUTIONS	ENROLLMENT (000)	PEAK PARTICIPATION (000)
Alabama	1,345	649	192
Alaska	276	67	15
Arizona	1,456	915	199
Arkansas	1,180	467	150
California	8,671	5,105	1,036
Colorado	1,273	567	90
Connecticut	709	275	59
Delaware	215	123	29
District of Columbia	194	69	21
Florida	3,641	2,550	620
Georgia	2,151	1,450	513
Hawaii	284	180	30
Idaho	631	192	58
Illinois	2,973	1,404	280
Indiana	1,732	813	166
Iowa	1,383	495	80
Kansas	1,332	431	85
Kentucky	1,386	675	224
Louisiana	1,381	634	228
Maine	613	167	35
Maryland	1,472	810	135
Massachusetts	1,600	629	132
Michigan	3,029	1,384	243
Minnesota	1,516	669	127
Mississippi	857	454	188
Missouri	2,194	862	214
Montana	675	125	23
Nebraska	649	212	49
Nevada	481	411	58
New Hampshire	396	165	21
New Jersey	1,691	763	161
New Mexico	794	326	122
New York	5,131	2,682	538
North Carolina	2,272	1,396	364
North Dakota	312	82	18
Ohio	2,542	1,083	296
Oklahoma	1,781	592	187
Oregon	1,261	541	134
Pennsylvania	2,849	1,391	279
Rhode Island	428	152	27
South Carolina	1,114	726	224
South Dakota	503	100	24
Tennessee	1,618	831	254
Texas	7,311	4,459	1,353
Utah	675	408	61
Vermont	309	93	20
Virginia	1,812	1,043	214
Washington	1,893	959	153
West Virginia	691	233	99
Wisconsin	1,352	569	99
Wyoming	273	69	13
American Samoa	0	0	0
Guam	37	29	8
North Mariana Islands	0	0	0
Puerto Rico	1,798	660	147
Trust Territory (excluding NMI)	0	0	0
Virgin Islands	42	20	5
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
<b>TOTAL</b>	<b>84,189</b>	<b>42,154</b>	<b>10,100</b>

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 2006

STATE OR TERRITORY	TOTAL BREAKFASTS SERVED					TOTAL
	PAID	REDUCED PRICE		FREE		
		REGULAR	SEVERE NEED	REGULAR	SEVERE NEED	
Alabama	5,130	315	2,315	1,570	21,847	31,176
Alaska	470	33	229	141	1,641	2,515
Arizona	6,124	346	2,836	1,979	21,958	33,243
Arkansas	4,211	326	1,789	2,297	15,097	23,720
California	21,749	1,633	19,950	8,742	133,223	185,297
Colorado	3,072	302	1,024	1,294	8,728	14,420
Connecticut	1,468	109	639	544	7,187	9,947
Delaware	1,398	71	252	660	2,213	4,594
District of Columbia	615	60	118	388	2,162	3,343
Florida	20,671	1,273	7,992	6,491	62,501	98,927
Georgia	17,471	1,301	6,327	6,798	52,828	84,725
Hawaii	2,379	238	564	623	2,622	6,426
Idaho	2,295	168	940	749	5,018	9,170
Illinois	5,731	679	2,065	5,702	30,260	44,437
Indiana	5,567	762	1,941	3,816	15,806	27,892
Iowa	4,341	680	591	2,880	4,881	13,373
Kansas	3,072	658	1,102	2,163	6,570	13,565
Kentucky	8,120	432	2,800	2,327	22,122	35,801
Louisiana	4,788	179	1,971	1,524	26,480	34,942
Maine	1,658	99	417	506	2,904	5,583
Maryland	5,514	369	2,099	1,637	11,516	21,136
Massachusetts	3,700	295	1,175	2,029	14,365	21,565
Michigan	6,653	586	2,275	3,837	24,246	37,596
Minnesota	6,117	1,006	1,573	3,420	8,471	20,587
Mississippi	3,273	96	1,955	840	25,264	31,427
Missouri	8,269	614	2,799	3,024	20,438	35,145
Montana	950	104	318	426	2,139	3,937
Nebraska	2,468	373	485	1,410	3,549	8,284
Nevada	2,044	145	862	846	5,951	9,848
New Hampshire	1,641	188	94	766	931	3,620
New Jersey	5,650	208	2,117	1,017	18,922	27,913
New Mexico	3,437	473	1,718	3,201	12,394	21,223
New York	16,459	2,092	5,979	11,098	55,509	91,137
North Carolina	11,891	649	4,619	4,403	38,862	60,424
North Dakota	1,109	145	135	495	1,063	2,946
Ohio	9,861	694	2,855	4,396	29,624	47,429
Oklahoma	5,742	310	2,810	1,352	19,568	29,782
Oregon	5,104	154	1,963	786	13,875	21,883
Pennsylvania	10,419	1,090	2,577	4,615	25,034	43,735
Rhode Island	805	58	281	343	2,731	4,217
South Carolina	6,800	248	2,799	1,490	25,934	37,271
South Dakota	918	143	204	491	2,385	4,141
Tennessee	7,500	692	2,785	5,790	23,284	40,051
Texas	34,418	3,000	16,002	16,819	148,781	219,020
Utah	2,195	279	902	1,026	5,340	9,741
Vermont	1,081	109	224	416	1,336	3,166
Virginia	9,580	818	2,687	4,839	17,148	35,071
Washington	4,466	374	2,472	0	15,741	23,052
West Virginia	4,506	174	1,495	714	8,639	15,527
Wisconsin	4,145	800	800	3,415	6,514	15,674
Wyoming	612	83	199	234	949	2,077
American Samoa	0	0	0	0	0	0
Guam	193	18	40	332	800	1,384
North Mariana Islands	0	0	0	0	0	0
Puerto Rico	2,440	24	1,881	99	15,356	19,800
Trust Territory (excluding NMI)	0	0	0	0	0	0
Virgin Islands	113	0	63	0	515	691
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	7	5	0	15	0	27
Anticipated Adjustment	0	0	0	0	0	0
<b>TOTAL</b>	<b>310,410</b>	<b>26,082</b>	<b>127,101</b>	<b>138,526</b>	<b>1,053,218</b>	<b>1,655,337</b>

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 2006

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	2,208	51	5,287	1,147	16,628	23,062	6,090	29,152
Alaska	717	12	1,566	377	1,159	3,102	1,501	4,604
Arizona	4,517	52	7,276	1,871	12,864	22,010	14,179	36,189
Arkansas	1,752	44	5,146	1,401	12,868	19,415	5,905	25,320
California	24,211	347	20,185	11,607	70,992	102,783	91,020	193,803
Colorado	2,813	39	4,960	833	6,118	11,911	7,149	19,060
Connecticut	1,373	19	1,806	893	4,013	6,711	2,936	9,647
Delaware	1,095	16	1,053	315	3,359	4,727	3,697	8,424
District of Columbia	261	7	814	209	2,049	3,073	234	3,307
Florida	5,290	165	19,740	7,966	62,477	90,183	9,765	99,948
Georgia	5,735	157	20,632	4,537	37,494	62,664	14,915	77,579
Utah	558	10	2,844	396	1,398	4,639	772	5,411
Idaho	610	9	1,171	199	1,615	2,985	1,844	4,829
Illinois	9,662	132	12,605	3,340	31,385	47,330	37,327	84,657
Indiana	2,296	61	6,913	739	9,072	16,724	14,018	30,742
Iowa	2,885	35	6,206	587	4,678	11,471	9,867	21,338
Kansas	4,772	52	5,096	763	4,886	10,745	17,585	28,330
Kentucky	1,763	50	7,612	1,528	12,734	21,874	2,932	24,806
Louisiana	5,841	57	3,329	946	13,925	18,199	15,450	33,650
Maine	1,502	14	878	249	1,355	2,482	6,117	8,599
Maryland	4,397	51	4,639	647	9,068	14,354	15,332	29,686
Massachusetts	5,988	61	4,688	1,920	13,549	20,156	17,795	37,951
Michigan	7,757	78	5,199	606	9,988	15,793	30,536	46,330
Minnesota	10,562	98	5,081	705	5,211	10,996	43,656	54,652
Mississippi	1,144	42	2,235	1,031	16,631	19,898	1,660	21,558
Missouri	2,850	63	9,704	1,207	15,621	26,532	11,084	37,616
Montana	1,082	16	1,111	211	1,690	3,012	4,745	7,756
Nebraska	3,260	40	4,081	433	4,577	9,091	12,815	21,905
Nevada	499	12	1,320	274	1,810	3,405	883	4,288
New Hampshire	324	7	1,230	234	1,113	2,577	824	3,401
New Jersey	2,162	78	7,816	3,608	27,859	39,282	2,478	41,761
New Mexico	6,514	46	3,045	890	7,076	11,012	14,453	25,464
New York	12,665	279	13,836	4,382	59,414	77,633	34,352	111,984
North Carolina	5,788	142	23,406	5,574	31,496	60,476	14,710	75,186
North Dakota	1,627	18	1,896	171	1,194	3,261	6,111	9,371
Ohio	5,453	134	15,739	2,388	27,285	45,412	13,259	58,671
Oklahoma	4,037	63	7,303	1,585	17,316	26,204	16,210	42,414
Oregon	3,239	52	1,730	215	4,271	6,215	10,854	17,070
Pennsylvania	4,455	114	12,746	3,080	25,771	41,597	10,301	51,898
Rhode Island	615	11	1,171	452	2,822	4,445	1,772	6,217
South Carolina	1,458	40	3,630	703	11,620	15,953	4,741	20,694
South Dakota	937	13	1,891	183	1,311	3,385	3,717	7,102
Tennessee	3,433	67	6,982	1,278	18,498	26,757	9,175	35,932
Texas	10,887	257	28,056	7,864	84,599	120,520	35,275	155,795
Utah	2,290	29	2,992	447	2,971	6,410	10,054	16,464
Vermont	694	7	471	107	700	1,278	2,245	3,523
Virginia	3,796	63	9,456	1,188	9,204	19,849	10,950	30,799
Washington	4,669	92	9,392	1,815	11,149	22,356	15,235	37,592
West Virginia	2,223	19	3,059	424	4,168	7,651	5,089	12,740
Wisconsin	4,607	67	10,072	1,309	9,678	21,058	13,842	34,900
Wyoming	625	10	1,091	271	1,062	2,424	2,421	4,844
American Samoa	0	0	0	0	0	0	0	0
Guam	13	0	142	6	1	148	24	172
North Mariana Islands	0	0	0	0	0	0	0	0
Puerto Rico	1,581	32	524	418	14,209	15,152	400	15,552
Trust Territory (excluding NMI)	0	0	0	0	0	0	0	0
Virgin Islands	43	1	45	27	437	509	0	509
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
<b>TOTAL</b>	<b>201,535</b>	<b>3,432</b>	<b>340,897</b>	<b>85,555</b>	<b>764,437</b>	<b>1,190,890</b>	<b>640,302</b>	<b>1,831,192</b>

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 2006**

STATE OR TERRITORY	NUMBER OF SITES	PARTICIPATION (JULY) (000)	TOTAL MEALS SERVED (000)
Alabama	603	35	1,503
Alaska	32	1	106
Arizona	152	20	937
Arkansas	125	12	846
California	735	94	6,929
Colorado	150	9	570
Connecticut	140	7	328
Delaware	229	8	676
District of Columbia	376	24	1,560
Florida	2,065	98	7,805
Georgia	1,316	62	4,117
Hawaii	84	4	192
Idaho	212	17	1,080
Illinois	1,302	50	4,605
Indiana	790	32	2,035
Iowa	175	6	536
Kansas	144	3	693
Kentucky	1,901	80	3,985
Louisiana	258	26	2,568
Maine	120	6	332
Maryland	924	41	1,958
Massachusetts	442	27	1,743
Michigan	787	39	1,784
Minnesota	316	25	1,072
Mississippi	227	19	1,532
Missouri	676	24	3,715
Montana	142	9	285
Nebraska	87	5	366
Nevada	58	3	355
New Hampshire	85	4	301
New Jersey	1,074	57	2,829
New Mexico	701	36	1,845
New York	2,462	408	16,594
North Carolina	695	33	1,930
North Dakota	34	2	193
Ohio	1,198	51	2,912
Oklahoma	231	12	1,132
Oregon	446	21	1,262
Pennsylvania	1,940	104	5,166
Rhode Island	170	12	529
South Carolina	996	55	2,617
South Dakota	40	3	289
Tennessee	762	24	2,942
Texas	1,341	78	11,899
Utah	92	15	747
Vermont	83	2	120
Virginia	1,130	46	2,708
Washington	526	34	1,469
West Virginia	434	13	775
Wisconsin	407	25	1,528
Wyoming	36	2	156
American Samoa	0	0	0
Guam	0	0	0
North Mariana Islands	0	0	0
Puerto Rico	546	38	3,848
Trust Territory (excluding NMI)	0	0	0
Virgin Islands	174	7	254
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
<b>TOTAL</b>	<b>30,171</b>	<b>1,873</b>	<b>118,258</b>

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 2006

STATE OR TERRITORY	AVERAGE SERVED DAILY			TOTAL SERVED FY 2006		
	FREE (000)	PAID (000)	TOTAL (000)	FREE (000)	PAID (000)	TOTAL (000)
Alabama	0	2	2	9	345	354
Alaska	0	0	0	27	28	55
Arizona	0	4	4	74	660	734
Arkansas	0	0	0	41	92	133
California	1	18	18	142	4,163	4,305
Colorado	0	5	5	39	897	936
Connecticut	1	11	12	154	2,299	2,453
Delaware	1	1	2	107	139	246
District of Columbia	0	1	1	0	95	95
Florida	0	3	3	3	519	522
Georgia	0	1	1	0	227	227
Hawaii	0	0	0	0	44	44
Idaho	0	5	6	20	1,309	1,329
Illinois	11	99	110	1,960	17,654	19,614
Indiana	1	8	9	249	1,782	2,031
Iowa	0	1	1	14	510	524
Kansas	1	4	5	116	751	868
Kentucky	0	2	2	8	486	494
Louisiana	0	1	1	0	204	204
Maine	0	1	1	21	370	391
Maryland	0	18	18	6	2,790	2,796
Massachusetts	1	11	12	195	2,629	2,824
Michigan	2	23	25	356	4,528	4,884
Minnesota	0	25	25	0	6,196	6,196
Mississippi	0	0	0	0	15	15
Missouri	0	17	18	54	3,246	3,300
Montana	0	1	1	51	205	255
Nebraska	0	2	2	27	471	498
Nevada	0	2	2	4	720	724
New Hampshire	0	3	3	47	1,588	1,634
New Jersey	2	33	34	254	5,942	6,196
New Mexico	0	0	0	97	6	103
New York	1	25	26	1,690	4,271	5,962
North Carolina	0	4	4	182	882	1,063
North Dakota	0	1	2	15	502	518
Ohio	1	24	25	140	4,699	4,839
Oklahoma	0	2	2	4	303	307
Oregon	0	4	4	68	826	894
Pennsylvania	2	15	17	320	3,985	4,305
Rhode Island	0	1	2	38	493	531
South Carolina	0	0	0	51	0	51
South Dakota	0	1	1	6	238	244
Tennessee	0	0	0	158	0	158
Texas	0	2	2	0	479	480
Utah	0	2	2	8	466	474
Vermont	0	1	1	24	587	610
Virginia	0	10	10	0	1,723	1,723
Washington	0	7	7	22	1,670	1,692
West Virginia	0	1	1	22	235	258
Wisconsin	1	28	29	158	7,210	7,368
Wyoming	0	0	0	6	138	144
American Samoa	0	0	0	0	0	0
Guam	0	0	0	19	0	19
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
<b>TOTAL</b>	<b>29</b>	<b>432</b>	<b>461</b>	<b>7,022</b>	<b>89,615</b>	<b>96,637</b>

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 2006**

STATE OR TERRITORY	O U T L E T S				OBLIGATIONS 1/
	SCHOOLS	NON-RESIDENTIAL CHILD CARE INSTITUTIONS	SUMMER CAMPS	TOTAL	
Alabama	4	3	3	10	\$54,276
Alaska	2	0	0	2	8,534
Arizona	34	0	2	36	112,353
Arkansas	8	0	3	11	20,402
California	179	5	82	266	657,125
Colorado	56	0	15	71	143,057
Connecticut	83	1	13	97	374,545
Delaware	11	0	0	11	37,942
District of Columbia	3	0	0	3	14,676
Florida	3	0	1	4	80,226
Georgia	7	0	8	15	34,547
Hawaii	2	0	0	2	6,697
Idaho	146	44	23	213	202,457
Illinois	775	2	24	801	3,013,702
Indiana	111	0	18	129	310,618
Iowa	61	0	34	95	79,509
Kansas	160	0	2	162	133,232
Kentucky	21	1	0	22	75,409
Louisiana	5	0	1	6	31,329
Maine	58	0	16	74	59,070
Maryland	122	0	5	127	429,631
Massachusetts	150	43	37	230	430,466
Michigan	300	0	70	370	744,970
Minnesota	436	55	13	504	945,483
Mississippi	1	0	0	1	2,296
Missouri	133	0	22	155	504,818
Montana	45	0	4	49	39,182
Nebraska	69	0	12	81	76,187
Nevada	52	12	0	64	110,958
New Hampshire	40	9	26	75	242,850
New Jersey	192	0	12	204	954,474
New Mexico	1	0	0	1	15,919
New York	273	37	105	415	919,726
North Carolina	25	0	47	72	162,589
North Dakota	29	0	15	44	78,173
Ohio	199	0	38	237	740,811
Oklahoma	32	0	0	32	47,000
Oregon	44	0	21	65	135,898
Pennsylvania	250	48	43	341	654,043
Rhode Island	82	8	8	98	80,058
South Carolina	4	0	0	4	7,865
South Dakota	37	4	5	46	37,146
Tennessee	0	2	14	16	24,504
Texas	11	2	10	23	73,313
Utah	96	0	5	101	72,298
Vermont	22	5	4	31	90,772
Virginia	79	2	47	128	264,258
Washington	56	12	18	86	256,995
West Virginia	18	0	8	26	39,508
Wisconsin	462	276	73	811	1,125,061
Wyoming	11	1	5	17	21,774
American Samoa	0	0	0	0	0
Guam	0	0	8	8	3,004
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	2,036
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	371,226
<b>TOTAL</b>	<b>5,001</b>	<b>572</b>	<b>920</b>	<b>6,493</b>	<b>15,155,000</b>

1/ Obligations as reported September 30, 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

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), \$5,386,597,000 to remain available through September 30, 2009, of which, such sums as are necessary to restore the contingency reserve to \$200,000,000 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 \$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) shall be effective in 2008; including \$13,860,000 for the purposes specified in section 17(h)(10)(B)(i): *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 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 \$14.12: *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 of the applicable nonfarm income poverty limits: *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.

## FOOD AND NUTRITION SERVICE

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

Estimate, 2007.....\$5,168,046,000  
 Budget Estimate, 2008 .....5,386,597,000  
 Increase in Appropriation.....+218,551,000

Summary of Increases and Decreases  
(On basis of appropriation)

Item of Change	2007 Estimated	Program Changes	2008 Estimated
Grants to States for Supplemental Food and Nutrition Services and Admin. Costs	\$5,119,536,000	\$179,420,709	\$5,298,956,709
Infrastructure Grants	13,464,000	0	13,464,000
Contingency Fund		58,930,291	58,930,291
Technical Assistance	396,000	0	396,000
Breastfeeding Peer Counselors	14,850,000	0	14,850,000
State Mgt. Information Systems	19,800,000	-19,800,000	0
<b>Total Appropriation</b>	<b>5,168,046,000</b>	<b>218,551,000</b>	<b>5,386,597,000</b>

**PROJECT STATEMENT**  
(On basis of appropriation)

Project	2006 Actual	2007 Estimated	Increase or Decrease		2008 Estimated
Grants to States for Supplemental Food and Nutrition Services and Admin. Costs	\$5,155,920,000	\$5,119,536,000	\$179,420,709	(1)	\$5,298,956,709
Infrastructure Grants	13,464,000	13,464,000	0		13,464,000
Contingency Fund	0	0	58,930,291	(2)	58,930,291
Technical Assistance	396,000	396,000	0		396,000
Breastfeeding Peer Counselors	14,850,000	14,850,000	0		14,850,000
State Mgt. Information Systems	19,800,000	19,800,000	-19,800,000	(3)	0
<b>Total Adjusted Appropriation</b>	<b>5,204,430,000</b>	<b>5,168,046,000</b>	<b>218,551,000</b>		<b>5,386,597,000</b>
Rescission <u>a/</u>	52,570,000	0	0		0
<b>Total Appropriation</b>	<b>5,257,000,000</b>	<b>5,168,046,000</b>	<b>218,551,000</b>		<b>5,386,597,000</b>

a/ Appropriated funds are adjusted to reflect a rescission of \$52,570,000 in FY 2006 pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

**PROJECT STATEMENT**  
(On basis of available funds)

Project	2006 Actual	2007 Estimated	Increase or Decrease	2008 Estimated
Grants to States for Supplemental Food	\$3,611,084,400	\$3,759,313,680	\$149,508,720	\$3,908,822,400
Nutrition Services and Admin. Costs	1,428,134,400	1,489,409,880	-61,368,973	1,428,040,907
Infrastructure Grants	12,193,506	13,464,000	0	13,464,000
Technical Assistance	394,882	396,000	0	396,000
Breastfeeding Peer Counselors	18,122,215	14,850,000	0	14,850,000
State Mgt. Information Systems	19,800,000	19,800,000	-19,800,000	0
<b>Total Program Expense</b>	<b>5,089,729,403</b>	<b>5,297,233,560</b>	<b>68,339,747</b>	<b>5,365,573,307</b>
Projected Carryout	273,097,248	165,900,320	-37,906,598	127,993,722
<b>Total Obligations</b>	<b>5,362,826,651</b>	<b>5,463,133,880</b>	<b>30,433,149</b>	<b>5,493,567,029</b>
Recovery of Prior Year Obligations:				
WIC Program <u>a/ b/</u>	-177,987,339	-273,097,248	107,196,928	-165,900,320
WIC Contingency	-18,510,246	0	0	0
Unobligated Balances:				
Available Start of Year				
WIC Program	-4,116,585	-21,990,632	21,990,632	0
WIC Contingency <u>c/ d/</u>	-122,559,463	-141,069,709	0	-141,069,709
Available End of Year				
WIC Program	21,990,632	0	0	0
WIC Contingency <u>e/ f/</u>	141,069,709	141,069,709	58,930,291	200,000,000
Lapse	1,716,641	0	0	0
<b>Total Adjusted Appropriation</b>	<b>5,204,430,000</b>	<b>5,168,046,000</b>	<b>218,551,000</b>	<b>5,386,597,000</b>
Rescission <u>g/</u>	52,570,000	0	0	0
<b>Total Appropriation</b>	<b>5,257,000,000</b>	<b>5,168,046,000</b>	<b>218,551,000</b>	<b>5,386,597,000</b>

- a/ The Budget Appendix incorrectly displays the 2007 estimate on Line 22.10 and Line 73.45 as \$166 million.
- b/ The Budget Appendix incorrectly displays the 2008 estimate on Line 22.10 and Line 73.45 as \$115 million.
- c/ A rescission of \$32 million in unobligated contingency funds is reflected pursuant to Section 743 of P.L. 109-97.
- d/ The Budget Appendix incorrectly displays the 2008 estimate on Line 21.40 as \$34 million.
- e/ The Budget Appendix incorrectly displays the 2007 estimate Line 24.40 as \$34 million.
- f/ The Budget Appendix incorrectly displays the 2008 estimate on Line 24.40 as \$59 million.
- g/ Appropriated funds are adjusted to reflect a rescission of \$52,570,000 in FY 2006 pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.

JUSTIFICATION OF INCREASES AND DECREASES

The FY 2008 request for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) reflects an increase of \$218,551,000.

- (1) An increase of \$179,420,709 for WIC Grants to States (\$5,119,536,000 available in FY 2007).

Explanation of Change: The average monthly food cost per person is estimated to increase from \$38.34 in FY 2007 to \$39.34 in FY 2008. This increase is partially offset by a proposal for capping the national average per participant grant for nutrition services and administration at \$14.12 for FY 2008. The average administrative cost per person is estimated to decrease from \$15.19 in FY 2007 to \$14.38 in FY 2008. The change in the food package cost is due to inflation. The FY 2008 request would support an average monthly participation of 8.280 million women, infants and children, an increase of approximately 109,000 over the projected participation level for FY 2007.

- (2) An increase of \$58,930,291 in the Contingency Fund.

Explanation of Change: The additional request in the contingency fund is intended to support program operations should participation or food costs exceed budget estimates.

- (3) A decrease of \$19,800,000 for State Management Information Systems.

Explanation of Change: Funding is not requested for this activity in FY 2008.

## Program Cost and Performance Summary

Program Performance Data	2006 Actual	2007 Estimated	Change	2008 Estimated
Program Level (\$ in millions)				
Grants to States for Supplemental Food	\$3,611.1	\$3,759.3	\$149.5	\$3,908.8
Nutrition Services and Administrative Costs	1,428.1	1,489.4	-61.4	1,428.0
Infrastructure Grants	12.2	13.5	0.0	13.5
Technical Assistance	0.4	0.4	0.0	0.4
Breastfeeding Peer Counselors	18.1	14.9	0.0	14.9
State Mgt. Information Systems	19.8	19.8	-19.8	0.0
Total Program Expense a/	5,089.7	5,297.3	68.3	5,365.6
Average Participation Per Month (in millions)	8.085	8.171	0.11	8.280
Average Food Cost Per Person Per Month	\$37.22	\$38.34	\$1.00	\$39.34
Average Admin. Cost Per Person Per Month b/	14.72	15.19	-0.81	14.38
Total Benefit Costs	51.94	53.53	0.19	53.72

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

b/ The drop in the administrative expenditures per person (AEP) is due to the implementation of a cap on the national average per person grant for nutrition services and administration of \$14.12 in FY 2008.

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
CURRENT LAW**

- Program:** Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
- Proposal:** For fiscal year (FY) 2008, 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 \$14.12, the FY 2006 AGP level.
- 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 2008, which is estimated to be approximately 8.28 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 2008 would be limited to \$14.12 per participant, or the FY 2006 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 2008 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 by the State and Local Expenditure Index (SLEI). Using the SLEI, the WIC AGP inflation rate from FY 2006 to FY 2007 was 6 percent, which is significantly higher than in past years.

From FY 1999 through FY 2006, the SLEI increased 32 percent. Over the same period, some broader measures of the general level of inflation (e.g., the CPI-W (21%) and the GDP price index (18%)) have risen more slowly than the SLEI. Given that these other measures reflect a significantly lower rate of inflation than the SLEI, the Agency believes that further examination of the method for inflating the AGP is warranted prior to program reauthorization in FY 2009.

Reducing total funds available for NSA funding by decreasing the estimated FY 2008 AGP as inflated of \$15.54 to \$14.12 would result in each individual State agency receiving a pro-rata reduction to the NSA grant it would have otherwise received. In addition, since the WIC regulations state that the prior year's AGP is the basis for calculating the AGP in the subsequent year, this proposal would result in the FY 2009 AGP being inflated off of a lower base. This reduction will encourage State agencies to 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

**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, 2006, to June 30, 2007, this represents \$37,000 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 Indian Tribal Organizations (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**

	<b>April 1996</b>	<b>April 1998</b>	<b>April 2000</b>	<b>April 2002</b>	<b>April 2004</b>
Infants	25.7%	25.5%	26.3%	25.7%	25.7%
Children	51.4%	51.2%	49.6%	50.1%	49.8%
Women	22.9%	23.3%	24.1%	24.1%	24.5%
Under 18 Years Old	9.9%	9.1%	8.0%	6.8%	6.3%
Breastfeeding	4.3%	4.8%	5.3%	5.7%	6.0%
Black	23.6%	22.9%	21.9%	20.2%	20.0%
Hispanic	30.9%	32.3%	35.3%	38.1%	39.2%
White	40.4%	39.2%	37.4%	35.9%	34.8%
On Food Stamps	36.4%	26.6%	19.6%	17.5%	19.8%
On Medicaid	54.5%	48.3%	49.5%	54.3%	61.1%
On TANF	24.9%	17.0%	12.1%	9.6%	9.4%
Poverty Status:					
0-50%	33.6%	28.1%	26.5%	26.5%	28.6%
51-100%	29.8%	28.7%	29.1%	27.4%	28.6%
101-130%	11.3%	12.5%	13.7%	13.4%	13.1%
131-150%	5.6%	6.1%	7.1%	6.7%	6.2%
151-185%	5.7%	6.6%	8.4%	8.2%	7.7%
Mean Income (whole \$)	\$10,808	\$12,479	\$13,819	\$14,550	\$14,758
Mean Household Size (persons)	3.9	3.9	4.0	4.0	4.0
One Person Households	2.3%	2.1%	1.8%	1.5%	1.3%
Enrollment in 1 <sup>st</sup> Trimester	45.6%	46.6%	47.7%	48.4%	50.7%
Enrollment in 2 <sup>nd</sup> Trimester	40.8%	37.8%	39.0%	39.8%	38.4%

Source: WIC Participant and Program Characteristics reports 1996-2004

### Program Participation and Costs

Average Monthly Participation (In Thousands)	2001	2002	2003	2004	2005	2006
Women	1,779.8	1,812.8	1,856.9	1,931.7	1,966.2	2,022.7
Infants	1,921.2	1,928.8	1,947.8	2,015.2	2,047.1	2,076.4
Children <5	3,604.6	3,749.2	3,825.1	3,957.5	4,009.2	3,986.3
<b>Total</b>	<b>7,305.6</b>	<b>7,490.8</b>	<b>7,629.8</b>	<b>7,904.4</b>	<b>8,022.6</b>	<b>8,085.4</b>
Change from Prior Year	1.6%	2.5%	1.9%	3.6%	1.5%	0.8%
Food Cost Total (Million \$)	\$3,008	\$3,131	\$3,225	\$3,562	\$3,603	\$3,611
Avg./Person/Month	\$34.31	\$34.83	\$35.22	\$37.54	\$37.42	\$37.22
Change in Per Person Food Cost	3.8%	1.5%	1.1%	6.6%	-0.3%	-0.5%
Per Person Per Month Total (Food/Admin.) Cost	\$46.98	\$47.98	\$49.30	\$50.99	\$51.30	\$51.94

Source: Program Information Report, October 2006. Actual totals may be received in future reporting periods.

### Program Assessment

The Office of Management and Budget (OMB) completed a Program Assessment Rating Tool (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. 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. 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 also 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, Nutrition and 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](http://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, 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 2005, State agencies spent \$84 million for breastfeeding promotion and support. In FY 2003, FNS began the development of "Using *Loving Support* to Implement Best Practices in Peer Counseling," 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 2006, \$14.8 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, lower saturated fat; and considers the cultural preferences of diverse populations. Over 46,000 comments were received on the proposal. The Department is working expeditiously to develop an interim final rule that will be published in FY 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 16 years. The average monthly food cost has increased by approximately 23.18 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, 11 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 2006, the estimated rebate savings was \$1.75 billion. One-half of the geographic State agencies

(excluding Mississippi and Vermont) received a 90 to 97 percent discount on the wholesale cost of infant formula. In addition, most of the remaining geographic State agencies (21) received discounts ranging from 83 to 89 percent. Five geographic State agencies implemented contracts for FY 2006 with discounts ranging from 77 to 89 percent, with a median discount of 86.7 percent. To date, 11 geographic State agencies awarded contracts in FY 2007 with discounts ranging from 83 to 89 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 on November 29, 2005, an interim final rule 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 implement the regulatory provisions. FNS provided training and technical assistance to assist States in developing their vendor cost containment systems.

#### **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 \$35 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.

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

#### **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 2006 marked the third year in this 5-year project. In FY 2006, 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 (MPSC), 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).

#### **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.

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

In FY 2006, FNS awarded full grants for Revitalizing Quality Nutrition Services (RQNS) in the WIC Program to three State agencies (California, New Hampshire and New York), and concept paper development grants to Massachusetts and Vermont. The full grant projects focused on encouraging physical activity and combating overweight and obesity among WIC children through nutrition education and counseling activities. Massachusetts and Vermont received funding to develop concept papers on, respectively, using emotion-based techniques to implement Value Enhanced Nutrition Assessment (VENA), and how to encourage physical activity among children. RQNS involves partners at the Federal, State and local levels in improving and strengthening the effectiveness of WIC nutrition services.

<b>State</b>	<b>Award</b>
<b><i>Full Grants</i></b>	
California	\$488,961
New Hampshire	\$60,000
New York	\$400,030
<b><i>Concept Papers</i></b>	
Massachusetts	\$15,000
New York	\$15,000

#### **WIC Studies and Evaluations**

The following studies and reports were released by FNS in FY 2006 and may be found on the FNS Web site at [www.fns.usda.gov/oane/MENU/Published/WIC](http://www.fns.usda.gov/oane/MENU/Published/WIC).

#### **Analysis of WIC Food Package Prescriptions - April 2006**

WIC assists low-income pregnant, breastfeeding, and postpartum women, infants and children by providing nutrition education, health and social service referrals and supplemental foods. Specific WIC foods and maximum quantities are defined by Federal regulations and data collected on food and nutrient intake showing what is lacking in eligible individuals' diets. However, State and local WIC agencies have flexibility to tailor food package prescriptions to address participants' individual needs and preferences. The purpose of this report is to illustrate the types and amounts of foods being prescribed within the WIC Food Package for each category of participants. This report does not provide information on redemption of the food prescriptions, or on actual food consumption; at this time, comprehensive data are available only on food prescriptions. Prescription data was collected as part of the FNS biennial WIC Participant and Program Characteristics data collection for 1998, 2000 and 2002. Results indicate that food prescriptions have remained highly stable over this time period within each participant category. Overall, a majority of eligible participants received prescriptions for the maximum amounts of infant formula, cereal, juice,

legumes and carrots, while few participants received prescriptions for the maximum amounts of milk, cheese, eggs and tuna.

#### **WIC Participant and Program Characteristics 2004 - March 2006**

The *WIC Participant and Program Characteristics (PC2004)* report summarizes demographic characteristics of WIC participants nationwide in April 2004, along with information on participant income and nutrition risk characteristics. The report also describes WIC members of migrant farm-worker families. One key finding is that, for the first time, the majority of pregnant WIC participants (50.7 percent) enrolled in WIC during the first trimester of pregnancy. Additionally, the percentage of Hispanic participants continues to rise and Hispanics now comprise nearly 40 percent of the WIC participants. Finally, this report provides breastfeeding measures which can be used to track progress towards the FNS Strategic Plan 2000-2005 target. The Strategic Plan target is to reach 50 percent by 2003-2004. The report indicates that, in 2003-2004, 56.6 percent of WIC mothers initiated breastfeeding.

#### **WIC Program Coverage: How Many Eligible Individuals Participated in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC): 1994 to 2003? - February 2006**

Based on long-standing concerns over the method FNS used to calculate the number of individuals eligible for the WIC Program, FNS entered into a contract in 2000 with the Committee of National Statistics of the National Research Council to review the historical methodology and develop an alternative. This resulted in the publication in 2003 of a report titled *Estimating Eligibility and Participation for the WIC Program*. FNS used the methodology outlined in that report to calculate the number of WIC eligibles for all years from 1994-2003. The new estimates show that 13.5 million individuals were eligible for WIC in 2003 and 7.7 million participated in WIC that year. This coverage rate of 57 percent is consistent with trends since 2000 and is similar to the coverage rate found in the Food Stamp Program. Coverage for 2003 for specific participant categories include: 70 percent of pregnant women, 68 percent of breastfeeding women, 79 percent of post-partum women, 83 percent of infants and 45 percent of children.

#### **WIC Staffing Data Collection Project - Final Report - January 2006**

The WIC Staffing Data Collection Project is a component of ongoing FNS efforts to effectively develop administrative data collection on important issues in local level WIC staffing. This project was prompted by a 2001 Government Accountability Office (GAO) report that cited a range of quality of services across local WIC agencies, expressed concern that local agencies may not be able to provide adequate services, and revealed a need for improved professionalism and quality of service. USDA determined that additional data are required to adequately respond to GAO's concerns and other requests for data. Consequently, the goal of this project was to aid FNS in identifying staffing items and questions that can successfully be answered by WIC local agencies. Both paper-and-pencil and electronic administrative reporting instruments were developed and pilot tested in this project.

The project provides suggestions by twelve WIC local agencies that volunteered to pilot test the instruments. The main findings of the report indicate that many factors other than caseload may influence WIC local staffing needs and current staffing patterns. While similar agencies may have best practices to offer each other, it would be challenging to apply national standards to all agencies. Additionally, they found that it is feasible to collect useful staffing related information from local WIC agencies in either an electronic or paper format, but burden on local agencies must be considered.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM (WIC)  
PARTICIPATION AND PROGRAM FINANCING

FISCAL YEAR 2006

STATE OR TERRITORY	AVERAGE MONTHLY PARTICIPATION				PROGRAM GRANT 2/ (\$000)
	WOMEN	INFANTS	CHILDREN	TOTAL	
Alabama	30,300	34,362	57,099	121,761	\$87,836
Alaska	6,195	6,034	13,000	25,229	22,813
Arizona 1/	44,527	47,804	84,751	177,082	115,024
Arkansas	24,914	25,056	38,216	88,186	55,944
California	337,536	306,188	704,052	1,347,776	891,953
Colorado 1/	22,161	23,310	40,701	86,172	54,425
Connecticut	11,405	14,590	25,415	51,410	37,059
Delaware	4,457	5,660	9,704	19,821	12,506
District of Columbia	4,132	4,496	6,564	15,192	12,890
Florida	100,790	104,936	176,853	382,579	253,231
Georgia	72,814	75,186	127,607	275,607	174,247
Hawaii	7,808	7,786	16,470	32,074	29,837
Idaho	8,887	9,174	18,972	37,033	21,077
Illinois	69,476	81,386	125,736	276,598	193,217
Indiana	35,922	40,384	60,823	137,129	79,808
Iowa	16,213	16,090	34,037	66,340	39,774
Kansas	16,887	18,002	34,695	69,584	38,076
Kentucky	30,013	31,678	63,344	125,035	83,488
Louisiana	32,602	36,088	53,748	122,438	100,808
Maine 1/	5,621	5,595	12,445	23,661	14,989
Maryland	30,446	32,258	52,425	115,129	69,093
Massachusetts	29,449	27,890	58,889	116,228	75,840
Michigan	55,112	54,207	120,063	229,382	146,696
Minnesota	31,664	30,420	66,970	129,054	77,642
Mississippi 1/	23,808	30,785	42,674	97,267	68,166
Missouri	36,278	37,553	58,662	132,493	80,188
Montana	4,709	4,395	11,042	20,146	13,088
Nebraska 1/	9,948	10,297	21,115	41,360	26,431
Nevada 1/	13,815	14,963	22,390	51,168	30,092
New Hampshire	4,004	4,220	8,183	16,407	13,165
New Jersey	37,171	39,321	72,707	149,199	98,738
New Mexico 1/	14,996	16,522	32,708	64,226	41,420
New York 1/	122,516	121,347	237,133	480,996	350,807
North Carolina 1/	59,154	62,261	111,575	232,990	147,565
North Dakota 1/	3,419	3,517	7,476	14,412	11,404
Ohio	66,853	85,274	124,567	276,694	165,805
Oklahoma 1/	29,789	30,683	58,879	119,351	74,900
Oregon	26,062	21,746	55,099	102,907	63,983
Pennsylvania	56,182	63,644	122,221	242,047	141,741
Rhode Island	5,238	5,547	11,880	22,665	16,335
South Carolina	30,642	30,204	47,810	108,656	72,970
South Dakota 1/	4,901	5,450	10,750	21,101	14,363
Tennessee	41,866	44,133	70,802	156,801	108,469
Texas	218,767	223,416	444,925	887,108	498,446
Utah	17,685	15,579	32,979	66,243	34,826
Vermont	3,371	3,098	9,598	16,067	11,918
Virginia	37,316	36,673	66,707	140,696	95,059
Washington	38,051	37,159	85,313	160,523	111,441
West Virginia	11,945	11,942	25,816	49,703	32,286
Wisconsin	27,384	28,208	56,495	112,087	72,010
Wyoming 1/	3,251	2,972	6,292	12,515	7,926
American Samoa	1,245	1,246	4,443	6,934	6,903
Guam	1,243	1,546	3,166	5,955	7,023
North Mariana Island	1	1	1	3	4,636
Puerto Rico	40,678	43,066	117,562	201,306	199,223
Trust Territory (excluding NMI)				0	0
Virgin Islands	1,114	1,061	2,760	4,935	5,521
Indian Tribe Set Asi				0	0
Indian Tribes				0	0
Freely Associated States				0	0
DOD Army/AF/USMC/Navy				0	0
Undistributed				0	-2,805
<b>TOTAL</b>	<b>2,022,730</b>	<b>2,076,414</b>	<b>3,986,310</b>	<b>8,085,454</b>	<b>\$5,312,316</b>

1/ Includes Indian Agencies.

2/ Excludes \$394,882 for WIC technical assistance and WIC advisory council, \$12,193,506 for WIC infrastructure, special projects and breastfeeding promotion, \$19,800,000 for State Management Information Systems, and \$18,122,215 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 appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Assistance Program:

For necessary expenses to carry out disaster assistance, 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 assistance for the nuclear affected islands, as authorized by section 103(f)(2) of the Compact of Free Association Amendments Act of 2003 (P.L. 108-188); and the Farmers' Market Nutrition Program, as authorized by section 17(m) of the Child Nutrition Act of 1966. \$70,370,000, to remain available through September 30, 2009: *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 to support the Senior Farmers' Market Nutrition Program (SFMNP), as authorized by section 4402 of Public Law 107-171, such funds shall remain available through September 30, 2009: *Provided further*, That no funds available for SFMNP in fiscal year 2008 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.

## FOOD AND NUTRITION SERVICE

LEAD-OFF TABULAR STATEMENT  
AND SUMMARY OF INCREASES AND DECREASESCOMMODITY ASSISTANCE PROGRAM (CAP)

Estimate, 2007 .....	\$177,447,000
Budget Estimate, 2008 .....	<u>70,370,000</u>
Decrease in Appropriation.....	<u>-107,077,000</u>

SUMMARY OF INCREASES AND DECREASES

(On the basis of appropriation)

Item of Change	2007 Estimated	Program Changes	2008 Estimated
Commodity Supplemental Food Program	\$106,872,000	-\$106,872,000	0
Farmers' Market Nutrition Program	19,800,000	0	\$19,800,000
The Emergency Food Assistance Program <u>a/</u>	49,500,000	0	49,500,000
Nuclear Affected Islands	1,097,000	-522,000	575,000
Disaster Assistance	178,000	317,000	495,000
<b>Total CAP Appropriation</b>	<b>177,447,000</b>	<b>-107,077,000</b>	<b>70,370,000</b>

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 appropriation)

Project	2006 Actual	2007 Estimated	Increase or Decrease		2008 Estimated
1. Commodity Supplemental Food Program <u>a/</u>					
Commodities	\$82,508,000	\$77,772,000	-\$77,772,000		0
Administrative Costs	28,694,000	29,100,000	-29,100,000		0
Total Adjusted CSFP	111,202,000	106,872,000	-106,872,000	(1)	0
2. Farmers' Market Programs					
Farmers' Market Nutrition Program	19,800,000	19,800,000	0		\$19,800,000
Senior Farmers' Market Nutrition Program (transfer) <u>b/</u>	15,000,000	15,000,000	0		15,000,000
Total Adjusted FMP	34,800,000	34,800,000	0		34,800,000
3. The Emergency Food Assistance Program <u>a/</u>					
Administrative Costs	55,500,000	49,500,000	0		49,500,000
4. Other Programs					
Nutrition Services Incentive Program (transfer)	2,830,000	1,862,000	-1,862,000		0
Nuclear Affected Islands	575,000	1,097,000	-522,000	(2)	575,000
Disaster Assistance	495,000	178,000	317,000	(2)	495,000
Total Adjusted Appropriation	205,402,000	194,309,000	-108,939,000		85,370,000
Rescission <u>c/</u>	1,794,000	0	0		0
Emergency Supplemental P.L. 109-148	-10,000,000	0	0		0
Transfers (SFMNP and NSIP) <u>d/</u>	-17,830,000	-16,862,000	1,862,000		-15,000,000
Total Appropriation	179,366,000	177,447,000	-107,077,000		70,370,000

- a/ Includes \$10 million in FY 2006 from P.L. 109-148, of which \$4 million was directed to CSFP and \$6 million to TEFAP.
- b/ 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 CCC for FYs 2003 through 2007.
- c/ Appropriated funds are adjusted to reflect a rescission of \$1,794,000 in FY 2006 pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.
- d/ NSIP transferred to DHHS in FY 2003 though FNS continues to be involved in the purchase of commodities through FY 2007. Obligations for commodity procurement for NSIP are funded under a reimbursable agreement with DHHS. Pursuant to P.L. 109-365, effective October 1, 2006, States were no longer authorized to opt for commodities; thus no purchases will be made in FY 2008. Special authority to honor FY 2007 commodity orders placed prior to November 14, 2006, was granted by P.L. 109-368.

**PROJECT STATEMENT**  
(On the basis of available funds)

Project	2006 <u>a/</u> Actual	2007 Estimated	Increase or Decrease	2008 Estimated
<b>1. Commodity Supplemental Food Program <u>b/</u></b>				
Commodity Purchases	\$83,751,855	\$78,222,719	-\$78,222,719	0
Administrative Costs	28,693,465	29,466,873	-29,466,873	0
<b>Total CSFP Obligations</b>	<b>112,445,320</b>	<b>107,689,592</b>	<b>-107,689,592</b>	<b>0</b>
Recovery of Prior Year Obligations	-1,869,249	-225,000	225,000	0
Unobligated Balances:				
Available Start of Year	-25,865	-592,592	592,592	0
Available End of Year <u>c/</u>	592,592	0	0	0
Rescission P.L. 109-148	1,082,850	0	0	0
Lapse	59,352	0	0	0
<b>Total Appropriation, CSFP</b>	<b>112,285,000</b>	<b>106,872,000</b>	<b>-106,872,000</b>	<b>0</b>
<b>2. Farmers' Market Program's</b>				
Seniors Farmers' Market Nutrition Program (transfer)	15,843,459	16,000,000	0	\$16,000,000
Farmers' Market Nutrition Program	23,814,008	23,800,000	-1,000,000	22,800,000
<b>Total FMP Obligations</b>	<b>39,657,467</b>	<b>39,800,000</b>	<b>-1,000,000</b>	<b>38,800,000</b>
Transfer from CCC	-15,000,000	-15,000,000	0	-15,000,000
Recovery of Prior Year Obligations	-4,857,467	-5,000,000	1,000,000	-4,000,000
Unobligated Balances:				
Available Start of Year		0	0	0
Available End of Year	0	0	0	0
Rescission P.L. 109-148	200,000	0	0	0
<b>Total Appropriation, FMP</b>	<b>20,000,000</b>	<b>19,800,000</b>	<b>0</b>	<b>19,800,000</b>
<b>3. The Emergency Food Assistance Program <u>b/ d/</u></b>				
Administrative Costs	55,655,170	49,500,000	0	49,500,000
FS/TEFAP Admin. (non add)	(7,821,030)	(10,000,000)	0	(10,000,000)
FS/TEFAP Commodities (non add)	(132,011,141)	(130,000,000)	0	(130,000,000)
<b>Total TEFAP Obligations</b>	<b>55,655,170</b>	<b>49,500,000</b>	<b>0</b>	<b>49,500,000</b>
Recovery of Prior Year Obligations	-155,170	0	0	0
Unobligated Balances:				
Available Start of Year	0	0	0	0
Available End of Year	0	0	0	0
Rescission P.L. 109-148	500,000	0	0	0
<b>Total Appropriation, TEFAP</b>	<b>56,000,000</b>	<b>49,500,000</b>	<b>0</b>	<b>49,500,000</b>
<b>4. Other Programs:</b>				
Nutrition Services Incentive Program (NSIP): <u>e/</u>	2,606,601	1,862,087	-1,862,087	0
Nuclear Affected Islands	1,097,190	1,097,000	-522,000	575,000
Disaster Assistance	178,384	494,616	384	495,000
<b>Total Other Program Obligations</b>	<b>3,882,175</b>	<b>3,453,703</b>	<b>-2,383,703</b>	<b>1,070,000</b>
Transfer from DHHS	-2,830,257	-1,862,087	1,862,087	0
Recovery of Prior Year Obligations	0	0	0	0
Unobligated Balances:				
Available Start of Year	-522,000	-540,272	540,272	0
Available End of Year	540,272	0	0	0
Rescission P. L. 109-148	10,810	0	0	0
Lapse	0	223,656	-223,656	0
<b>Total Appropriation, Other Programs</b>	<b>1,081,000</b>	<b>1,275,000</b>	<b>-205,000</b>	<b>1,070,000</b>
<b>Total CAP Obligations</b>	<b>211,640,132</b>	<b>200,443,295</b>	<b>-111,073,295</b>	<b>89,370,000</b>
Emergency Supplemental P.L. 109-148	-10,000,000	0	0	0
<b>Total Appropriation</b>	<b>179,366,000</b>	<b>177,447,000</b>	<b>-107,077,000</b>	<b>70,370,000</b>

- a/ Appropriated funds are adjusted to reflect a rescission of \$1,793,660 in FY 2006 pursuant to Section 3801 of Division B, Title III, Chapter 8 of P.L. 109-148.
- b/ Includes \$10 million in FY 2006 from P.L. 109-148, of which \$4 million was directed to CSFP and \$6 million to TEFAP.
- c/ Available End Of Year for CSFP is a reflection of unobligated funds in the Emergency Supplemental.
- d/ The Food Stamp appropriation provides \$140,000,000 for the Emergency Food Assistance Program for the procurement of commodities. In FY 2006 and FY 2007, up to \$10 million of that amount was permitted to be used for administrative costs. The FY 2008 budget proposes the continuation of this provision. This amount also includes the \$6,000,000 appropriated to the program in FY 2006, pursuant to P.L. 109-148. This amount is obligated as both administrative and commodity funds.
- e/ NSIP transferred to DHHS in FY 2003 though FNS continues to be involved in the purchase of commodities through FY 2007. Obligations for commodity procurement for NSIP are funded under a reimbursable agreement with DHHS. Pursuant to P.L. 109-365, effective October 1, 2006, States were no longer authorized to opt for commodities; thus no purchases will be made in FY 2008. Special authority to honor FY 2007 commodity orders placed prior to November 14, 2006, was granted by P.L. 109-368.

#### JUSTIFICATION OF INCREASES AND DECREASES

The FY 2008 request for the Commodity Assistance Program reflects a decrease of \$107,077,000.

- (1) A decrease of \$106,872,000 for the Commodity Supplemental Food Program (CSFP).

Explanation of Change: The President's Budget proposes the termination of 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.

- (2) A decrease of \$205,000 in Other Programs.

Explanation of Change: This decrease is due to the calculation of the FY 2007 base for these activities under the continuing resolution. Continuing resolution rules resulted in a higher than typical budget authority for these activities in FY 2007. The FY 2008 request reflects traditional funding levels for these activities.

**COMMODITY SUPPLEMENTAL FOOD PROGRAM  
CALENDAR YEAR AUTHORIZED CASELOAD LEVELS  
FOR WIC AND ELDERLY <sup>a/</sup>**

<u>STATE / TRIBAL ORG.</u>	<u>2006</u>	<u>2007 b/</u>
Alaska	2,277	2,277
Arizona	16,572	16,625
California	53,777	53,827
Colorado	20,856	18,844
District of Columbia	7,625	7,121
Illinois	15,410	14,463
Indiana	4,440	4,358
Iowa	3,876	3,781
Kansas	5,763	5,763
Kentucky	15,652	15,652
Louisiana	78,763	66,206
Michigan	78,380	78,430
Minnesota	14,021	14,071
Mississippi	6,996	6,996
Missouri	9,374	2,799
Montana	6,733	9,374
Nebraska	13,222	6,783
Nevada	6,034	5,982
New Hampshire	7,247	7,619
New Mexico	16,950	16,950
New York	31,018	31,068
North Carolina	1,277	1,249
North Dakota	2,799	725
Oglala Sioux, SD	651	13,770
Ohio	13,398	102
Oregon	1,368	1,418
Pennsylvania	14,600	14,600
Red Lake, MN	102	15,892
South Carolina	3,705	3,705
South Dakota	2,812	2,812
Tennessee	13,964	13,721
Texas	12,378	15,923
Vermont	4,270	4,005
Washington	2,302	3,652
<u>Wisconsin</u>	<u>5,001</u>	<u>5,051</u>
<b>TOTALS</b>	<b>492,613</b>	<b>485,614</b>

<sup>a/</sup> 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.

<sup>b/</sup> Reflects tentative caseload issued January 8, 2007.

	2006 <u>a/</u> Actual	2007 Estimated	Difference	2008 Estimated
<b>RESOURCES--START OF YEAR:</b>				
Appropriation	\$108,285	\$106,872	-\$106,872	0
Cash Carry-In/Recoveries	1,895	358	-358	0
Rescission	-1,083	0	0	0
Beginning Inventory (Federal-State-Local)	41,955	47,466	-47,466	0
<b>TOTAL RESOURCES</b>	<b>151,052</b>	<b>154,696</b>	<b>-154,696</b>	<b>0</b>
<b>DEMAND:</b>				
<b>1. Program Performance Data:</b>				
Caseload	492.613	485.614	-485.614	0.000
Participation	463.124	475.902	-475.902	0.000
<i>Women-Infants-Children</i>	<i>40.026</i>	<i>32.021</i>	<i>-32.021</i>	<i>0.000</i>
<i>Elderly</i>	<i>423.098</i>	<i>443.881</i>	<i>-443.881</i>	<i>0.000</i>
<b><u>Avg. Food Cost Person/Month (whole \$):</u></b>				
<i>Women-Infants-Children</i>	<i>\$22.03</i>	<i>\$25.70</i>	<i>-\$25.70</i>	<i>0.00</i>
<i>FNS Funded <u>b/</u></i>	<i>17.10</i>	<i>22.45</i>	<i>-22.45</i>	<i>0.00</i>
<i>Free (donated)</i>	<i>4.93</i>	<i>3.25</i>	<i>-3.25</i>	<i>0.00</i>
<i>Elderly</i>	<i>17.82</i>	<i>18.35</i>	<i>-18.35</i>	<i>0.00</i>
<i>FNS Funded <u>b/</u></i>	<i>13.02</i>	<i>15.20</i>	<i>-15.20</i>	<i>0.00</i>
<i>Free (donated)</i>	<i>4.80</i>	<i>3.15</i>	<i>-3.15</i>	<i>0.00</i>
<b>2. Food Costs:</b>				
Food Distribution Costs	\$74,318	\$89,590	-89,590	0
<i>Women-Infants-Children</i>	<i>8,213</i>	<i>8,626</i>	<i>-8,626</i>	<i>0</i>
<i>Elderly</i>	<i>66,105</i>	<i>80,964</i>	<i>-80,964</i>	<i>0</i>
Commodity Administrative Costs	695	703	-703	0
Total Food Costs	75,013	90,293	-90,293	0
<b>3. State Administrative Expenses</b>				
	28,347	29,100	-29,100	0
<b>TOTAL DEMAND</b>	<b>\$103,360</b>	<b>\$119,393</b>	<b>-\$119,393</b>	<b>0</b>
<b>BALANCES--YEAR-END:</b>				
Ending Inventory	47,466	35,393	-35,393	0
<b>COMMODITY ACTIVITY:</b>				
Purchases	80,525	78,130	-78,130	0

a/ Does not reflect resources provided under the FY 2006 Emergency Supplemental pursuant to P.L. 109-148, including \$346,000 of State administrative expenses in FY 2006 and \$459,000 in FY 2007.

b/ In addition to reported food package costs, the number also reflects costs associated with storage/transportation, losses and nutrition education expenditures.

**FNCS PRESIDENTS BUDGET FISCAL YEAR 2008  
CURRENT LAW**

- Program:** Commodity Supplemental Food Program (CSFP)
- Proposal:** To cease CSFP operations and transition eligible CSFP participants to other FNS nutrition assistance programs such as the Food Stamp Program and the Special Supplemental Nutrition Program for Women, Infants and Children.
- Rationale:** The CSFP is currently administered in limited areas of 32 States, in the District of Columbia, and through two Indian Tribal Organizations. In an era of fiscal constraint, USDA faces a difficult challenge with regard to discretionary budget resources and must ensure that those limited resources are targeted to those programs that are universally available. USDA will work closely with CSFP State agencies to ensure that any negative effects on program participants are minimized and that they are transitioned as rapidly as possible to other nutrition assistance programs for which they are eligible.
- 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 2008
Budget Authority	-106.9

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
CURRENT LAW**

- Program:** Senior Farmers' Market Nutrition Program (SFMNP)
- Proposal:** To prohibit farmers selling eligible foods under the SFMNP from charging sales tax on the fresh fruits and vegetables that are purchased using SFMNP checks or coupons, or that are provided to eligible recipients through community supported agriculture programs.
- Rationale:** This prohibition is consistent with similar provisions for the Food Stamp Program (Food Stamp Act of 1977, Section 4), WIC and the FMNP (Child Nutrition Act of 1966, as amended, Sections 17(c) (4) and 17(m)(5)(G), respectively). Through the competitive grant process, SFMNP State agencies have not been allowed to charge sales tax on SFMNP purchases.
- 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	0

**FNCS PRESIDENT'S BUDGET FISCAL YEAR 2008  
CURRENT LAW**

- Program:** Senior Farmers' Market Nutrition Program (SFMNP)
- Proposal:** To ensure that the value of the benefits provided to eligible recipients is not considered as income in the process of determining eligibility for any other Federal or State program, such as Food Stamps, TANF, Energy Assistance, Housing Assistance, etc. It would also ensure that the value of the SFMNP benefit would not be considered as income in calculating the recipient's Federal or State tax obligations.
- Rationale:** This proposal is consistent with the way benefits are treated in all other FNS programs.
- Goal:** USDA Strategic Plan 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	0

## 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, which was transferred from the WIC account in FY 2005.

#### 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 Department of Agriculture, 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 2006, 492,613 caseload slots were allocated to participating States and Indian tribes.
- For FY 2006, program participation averaged 463,124 monthly.
- From FY 2005 to 2006, monthly participation of women, infants, and children decreased from 52,505 to 40,026, while elderly participation decreased from 459,929 to 423,098.

##### 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 also may 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. Should sufficient resources remain after additional caseload requests have been approved, new States can be approved for participation in the program.

#### CSFP Average Monthly Participation 1/

Participation	2000	2001	2002	2003	2004	2005	2006
Women	16,782	14,684	12,839	11,064	11,038	9,180	6,729
Infants	12,617	11,038	9,464	8,129	7,670	6,337	4,482
Children Less than 6	66,020	57,963	52,976	47,054	44,208	36,988	28,815
<b>Total WIC Type</b>	<b>95,419</b>	<b>83,685</b>	<b>75,279</b>	<b>66,243</b>	<b>62,916</b>	<b>52,505</b>	<b>40,026</b>
Elderly	293,824	323,503	352,165	388,971	458,798	459,929	423,098
<b>Total, CSFP</b>	<b>389,243</b>	<b>407,187</b>	<b>427,444</b>	<b>455,214</b>	<b>521,714</b>	<b>512,434</b>	<b>463,124</b>

1/ Based on National Databank version 8.2 data through September FY 2006. 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, the Farm Service Agency (FSA) and the Agricultural Marketing Service (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 2006, \$56.30 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 addition to the 492,613 caseload slots allocated to participating States in FY 2006, FNS made available \$4 million in supplemental resources appropriated by Congress for three CSFP Gulf States—Louisiana, Mississippi and Texas—to address the consequences of Hurricane Katrina. These three States had the vast majority (over 93 percent) of all CSFP State disaster applicants. Based on each State’s request and accompanying justification, a combined total of 24,577 supplemental caseload slots were allocated to these three CSFP States for use beginning July 1, 2006, through December 31, 2006.

### **Program Assessment**

The Office of Management and Budget (OMB) completed a Program Assessment Rating Tool (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 Nation-wide 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 use administrative funds provided under TEFAP, at State election, 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 program in FY 2006. These types of commodities included: peanut butter, roasted peanuts, rice, macaroni, spaghetti, egg noodles, dry bagged beans, flour mix, grits, oats, fortified ready-to-eat cereal, egg mix, dehydrated potatoes, vegetable oil, corn syrup; the following canned foods: apple juice, grapefruit juice, pineapple juice, orange juice, cranapple juice, applesauce, apricots, pears, mixed fruit, peaches, pineapple, plums, vegetarian beans, green beans, carrots, refried beans, corn, peas, sliced potatoes, tomatoes, tomato sauce, spaghetti sauce, tomato soup, tomato juice, vegetable soup, pork, chicken, beef stew, beef, turkey and tuna; and the following frozen foods: ground beef, whole chicken, turkey roasts, and ham.

### **Bonus Commodities**

In addition to the commodities purchased with TEFAP appropriations, USDA purchased commodities under market support authorities valued at \$67 million that were donated to TEFAP during FY 2006. The types of bonus commodities included: Asparagus, beans, cherries, chicken, cranberries, figs, grape juice, lamb, peas, salmon, sweet potatoes, and instant and nonfat dry milk.

### FY 2006 TEFAP Spending

In FY 2006, \$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 2006 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).

In addition, in FY 2006 a supplemental appropriation of \$6 million was provided for use in purchasing additional commodities for nine States most affected by the Gulf Coast hurricanes. The States were given the option of converting some of these commodity funds to administrative funds; two States – Louisiana and Mississippi – chose to convert a total of \$976,234; the balance of the funds was used to purchase commodities.

### TEFAP Summary (In Millions)

	2000	2001	2002	2003	2004	2005	2006
<b>State Administrative Expenses<sup>1</sup></b>	\$43.6	\$44.7	\$54.3	\$59.7	\$59.2	\$58.6	\$63.5
<b>CCC Administrative Funds</b>	0	10.0	0	0	0	0	0
<b>Bonus Commodities</b>	162.0	319.4	171.4	242.1	233.0	154.3	67.0
<b>Entitlement Commodities<sup>2</sup></b>	98.7	99.6	134.8	130.3	128.5	130.5	136.1
<b>AMS/FSA/PCIMS Administration</b>	0.8	0.9	0.9	1.0	0.4	1.0	1.0
<b>TOTAL</b>	305.1	474.6	361.4	433.1	421.1	344.4	267.6

<sup>1</sup> In FY 2004, FY 2005 and FY 2006, 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 three 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 were converted to administrative funds by States; in FY 2005, \$8.5 million were converted to administrative funds by States; and in FY 2006, \$7.8 million were converted to administrative funds by States; the balance of the funds were used to purchase commodities.

<sup>2</sup> 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. 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

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 will 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)

### Program Mission

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. Prior to FY 2005, this program was funded within the WIC account. During FY 2006, the FMNP was operated by 44 State agencies and Indian Tribal Organizations.

In FY 2005, the FMNP provided coupons to 2,686,210 WIC participants. The participants redeemed their coupons at 4,714 authorized Farmers' Markets, providing revenue to 14,323 small family farmers.

### WIC Farmers' Market Nutrition Program

	2002	2003	2004	2005	2006
Funding (\$000)	\$21,336	\$24,995	\$27,952	\$28,067	\$23,810
WIC Recipients	2,162,382	2,372,256	2,516,724	2,686,210	*
Farmers' Markets	2,824	3,423	4,131	4,714	*
Farmers	13,176	16,226	14,050	14,323	*

\*Data not yet available

## 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 authorizes \$15 million to be provided by the Commodity Credit Corporation for the SFMNP each year from FY 2003 through FY 2007, and gives USDA the authority to develop regulations for the program.

## FY 2006 Grantees

During FY 2006, 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 2005 grant levels. The grant funds may only be 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. No administrative funding is available.

### Senior Farmers' Market Nutrition Program

	2003	2004	2005	2006
Funding	\$15,000,000	\$15,000,000	\$15,000,000	\$15,843,618
SFMNP Recipients	800,374	802,102	771,285	*
Farmers	13,919	14,518	14,668	*
Farmers' Markets	2,074	2,495	2,663	*
Roadside Stands	1,792	1,982	2,001	*
Community Supported Agriculture Programs	220	213	237	*

\*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

The Office of Management and Budget completed a Program Assessment Rating Tool (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. Based on these findings, FNS will establish and implement 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. In FY 2006, States elected to receive about \$2.5 million of their total grant in the form of commodities.

### **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.
- In FY 2006, food valued over \$745,000 was distributed to charitable institutions.

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

**Fiscal Year 2006**

ENTITLEMENT COMMODITIES	Pounds	Dollars
<b>SECTION 6/32 TYPE:</b>		
APPLE JUICE, CANNED	13,189,688	\$3,730,568
APPLESAUCE, CANNED	1,348,651	509,163
APRICOTS, CANNED	874,800	523,438
BEANS, CANNED	2,293,680	751,172
BEANS, GREEN CANNED	4,547,059	1,626,611
BEEF STEW, CHUNKY	2,327,400	1,772,504
BEEF, CANNED	1,646,579	3,497,607
CARROTS, CANNED	2,073,154	815,191
CHICKEN, CANNED BONED	3,188,421	5,513,198
CORN, CANNED CREAM	400,951	157,473
CORN, CANNED WHOLE KERNEL	3,491,567	1,158,736
CRANBERRY APPLE JUICE, CANNED	357,000	134,615
EGG MIX	255,600	397,796
FRUIT, MIXED CANNED	2,320,294	1,346,230
GRAPE J	1,667,202	686,795
ORANGE JUICE, CANNED	17,874,452	6,936,785
PEACHES CLING, CANNED	1,775,590	859,252
PEARS, CANNED	2,677,615	1,445,904
PEAS, CANNED	2,671,990	1,134,435
PINEAPPLE JUICE, CANNED	530,251	211,534
PINEAPPLE, CANNED	558,480	419,722
PORK, CANNED	828,343	1,302,155
POTATOES, CANNED	1,689,120	614,507
POTATOES, DEHYDRATED	210,000	185,765
PUMPKIN, CANNED	218,700	140,961
SPINACH, CANNED	1,119,195	543,838
SWEET POTATOES, CANNED	481,950	298,779
TOMATO JUICE, CANNED	5,305,202	1,282,185
TOMATOES, CANNED	2,395,982	893,599
TUNA, CANNED	1,683,000	2,748,214
VEG MIX CANNED	2,496,040	1,262,342
<b>Total Section 6/32 Type</b>	<b>82,497,956</b>	<b>\$42,901,074</b>
<b>ENTITLEMENT COMMODITIES</b>		
	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 416 TYPE:</b>		
CEREAL, DRY CORN	2,014,641	\$1,966,733
CEREAL, DRY CORN & RICE	1,103,488	1,496,468
CEREAL, DRY OATS	1,629,002	3,082,207
CEREAL, DRY RICE	2,089,413	2,818,958
CEREAL, INFANT RICE	78,000	132,314
CEREAL, WB FLAKES	1,595,896	2,016,883
CHEESE, REDUCED FAT	9,226,800	13,468,504
FARINA	1,919,127	824,244
FORMULA, INFANT	264,460	1,834,611
GRITS, CORN	856,800	149,978
MACARONI	3,208,176	1,055,994
MILK, EVAPORATED	6,698,540	3,132,790
OATS, ROLLED	2,842,272	987,874
PEANUT BUTTER	5,610,331	3,870,214
RICE, MILLED	5,328,000	1,327,104
SPAGHETTI	3,052,800	976,826
<b>Total Section 416 Type</b>	<b>47,517,746</b>	<b>\$39,141,702</b>
Anticipated Adjustment		1,184,708
*Anticipated Transportation & Storage AMS / FSA / PCIMS Admin. Expenses		524,371
<b>TOTAL COMMODITY ENTITLEMENT</b>	<b>130,015,702</b>	<b>\$83,751,855</b>

## FOOD AND NUTRITION SERVICE

## COMMODITY SUPPLEMENTAL FOOD PROGRAM (Cont.)

## Quantity and Value of Commodities

Fiscal Year 2006

BONUS COMMODITIES	Pounds	Dollars
<b>SECTION 32 TYPE:</b>		
APRICOTS HALVES CND	291,600	\$187,806
BEANS	6,007,680	2,052,313
GRAPE J	12,733,952	4,520,635
PEACHES CLING CND	72,900	44,274
PEARS CND	255,150	149,140
PEAS SPLIT 2	120,960	31,477
SWEET POTATOES CND	1,893,354	1,162,288
<b>Total Section 32 Type</b>	<b>21,375,596</b>	<b>\$8,147,933</b>

BONUS COMMODITIES	Pounds	Dollars
<b>SECTION 416 TYPE:</b>		
INSTANT 2	7,229,856	\$6,860,265
NFD BULK 25 KG	11,284,728	10,117,434
<b>Total Section 416 Type</b>	<b>18,514,584</b>	<b>\$16,977,699</b>
Anticipated Adjustment		
<b>TOTAL BONUS COMMODITIES</b>	<b>39,890,180</b>	<b>\$25,125,632</b>
<b>TOTAL – ALL COMMODITIES</b>	<b>169,905,882</b>	<b>\$108,877,487</b>
Adjustment	0	0
Cash In-Lieu of Commodities		
<b>GRAND TOTAL</b>	<b>169,905,882</b>	<b>\$108,877,487</b>

Source: PCIMS – Delivery order and contract information.

Note: NFD Bulk milk donated to Pennsylvania. Pennsylvania bartered the NDM for evaporated milk for all CSFP State programs.

COMMODITY SUPPLEMENTAL FOOD PROGRAM  
PROJECTS, PARTICIPATION AND FOOD COST

FISCAL YEAR 2006

STATE OR TERRITORY	PROJECTS	AVERAGE MONTHLY PARTICIPATION (FNS-153)					FOOD COSTS IN DOLLARS 2/ 3/	ADMINISTRATIVE COST IN DOLLARS 4/
		WOMEN	INFANTS	CHILDREN	ELDERLY	TOTAL 1/		
Alaska	2	39	1	272	2,121	2,433	\$371,558	\$152,020
Arizona	15	618	0	1,682	13,525	15,825	2,035,848	959,461
California	7	722	633	3,663	49,669	54,687	8,732,667	3,015,165
Colorado	7	1,643	1,492	3,933	11,777	18,845	3,486,385	662,079
District of Columbia	1	14	12	275	6,820	7,121	1,064,648	449,139
Illinois	1	169	190	1,168	12,936	14,463	1,566,885	885,767
Indiana	1	0	0	0	4,358	4,358	692,762	259,566
Iowa	1	46	21	229	3,486	3,782	539,480	222,652
Kansas	3	36	13	248	5,275	5,572	844,706	287,448
Kentucky	6	22	13	159	15,621	15,815	2,428,674	898,857
Louisiana—3/	1	122	103	328	48,077	48,630	7,099,179	4,573,966
Michigan	17	1,102	953	6,987	71,106	80,148	12,256,759	4,351,562
Red Lake, Minnesota	1	0	0	9	96	105	15,218	5,841
Minnesota	4	154	33	1,305	12,907	14,399	2,324,495	802,557
Mississippi	1	0	0	410	6,710	7,120	1,096,827	389,949
Missouri	6	5	0	34	9,692	9,731	1,553,341	528,205
Montana	12	0	0	130	6,747	6,877	987,337	385,402
Nebraska	8	293	21	826	11,881	13,021	1,603,476	756,827
Nevada	5	101	100	382	5,246	5,829	905,066	401,133
New Hampshire	8	650	0	841	5,428	6,919	987,080	370,800
New Mexico	4	166	118	1,236	15,741	17,261	2,596,346	1,009,150
New York	3	686	748	3,094	27,191	31,719	5,186,593	1,804,443
North Carolina	1	0	0	3	1,248	1,251	139,047	74,583
North Dakota	6	0	0	0	2,881	2,881	413,889	160,216
Ohio	6	0	0	8	12,485	12,493	1,848,938	709,662
Oregon	3	1	4	42	1,468	1,515	208,709	53,314
Pennsylvania	1	14	0	91	14,839	14,944	2,185,205	835,702
South Carolina	3	0	0	3	3,680	3,683	530,160	212,744
South Dakota	2	0	0	0	2,854	2,854	420,473	114,572
Ogala Sioux, S.D.	1	6	8	164	451	629	101,786	37,341
Tennessee	4	103	15	538	13,064	13,720	2,055,271	277,358
Texas	2	10	20	276	12,679	12,985	1,882,249	675,037
Vermont	1	6	0	81	3,919	4,006	567,935	493,048
Washington	5	3	0	254	2,050	2,307	356,362	134,194
Wisconsin	1	13	0	176	5,070	5,259	835,726	274,219
AMS/FSA/PCIMS Admin. Exp.	0	0	0	0	0	0	695,476	0
Anticipated Adjustment	0	0	0	0	0	0	13,135,299	1,469,486
<b>TOTAL</b>	<b>150</b>	<b>6,729</b>	<b>4,482</b>	<b>28,815</b>	<b>423,098</b>	<b>463,124</b>	<b>\$83,751,855</b>	<b>\$28,693,465</b>

SOURCE: FPRS FNS-153 data - Food distributed to participants in fiscal year 2006.

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 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), or the value of food used for nutrition education.

3/ Includes CSFP Admin Emergency Supplemental funds.

4/ Includes CSFP Commodity Emergency Supplemental funds that were appropriated to the CSFP program in the CAP account.

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 2006

ENTITLEMENT COMMODITIES	Pounds	Dollars 1/
<b>SECTION 6/32 TYPE:</b>		
APPLE JUICE, CANNED	9,460,526	\$2,744,280
APPLESAUCE, CANNED	9,622,836	3,574,410
APRICOTS HALVES, CANNED	765,452	439,964
BEANS, GREEN CANNED	15,133,472	5,391,831
BEANS, BLKEYE CANNED	3,263,278	1,293,794
BEANS, B LIMA 2	201,600	110,854
BEANS, GRT NORTH 2	1,935,360	639,737
BEANS, LT KIDNEY 2	1,975,680	754,402
BEANS, PINTO 2	7,136,640	2,149,454
BEANS REFRIED, CANNED	2,790,720	956,762
BEANS VEGETARIAN, CANNED	2,496,960	838,187
BEEF, FINE GROUND	4,918,000	7,361,079
BEEF, CANNED	720,857	1,503,286
BEEF STEW, CANNED	15,919,200	11,971,226
CARROTS, CANNED	6,132,622	2,468,224
CHICKEN, CANNED DEBONED	1,666,271	2,883,294
CHICKEN, FROZEN WHOLE	10,979,100	6,819,190
CORN, CANNED KERNEL	16,444,075	5,460,341
CORN, CANNED CREAM	765,451	302,904
CRANBERRY APPLE JUICE, CANNED	2,784,601	1,025,661
EGG MIX	108,000	168,415
GRAPE J	36,176	14,470
HAM, FROZEN	1,476,000	2,329,365
MIXED FRUIT, CANNED	2,649,616	1,615,632
ORANGE JUICE, CANNED	5,163,308	2,064,603
PEACHES, CLING, CANNED	2,531,494	1,209,842
PEARS, CANNED	4,092,217	2,158,994
PEAS, CANNED	6,755,414	2,844,502
PINEAPPLE JUICE, CANNED	796,224	318,014
PINEAPPLE, CANNED	964,560	722,813
PLUMS, CANNED	510,302	247,132
PORK, CANNED	2,953,156	4,629,321
POTATOES, DEHYDRATED	750,000	665,156
POTATOES, SLICED	4,993,920	1,853,025
PUMPKIN, CANNED	218,700	139,634
SPAGHETTI SAUCE, CANNED	12,618,495	3,954,138
SPINACH, CANNED	67,830	31,702
SYRUP	981,552	409,063
TOMATO JUICE, CANNED	1,772,149	431,835
TOMATO SAUCE, CANNED	4,819,510	1,488,548
TOMATO SOUP	1,525,430	719,604
TOMATOES	320,000	187,183
TOMATOES, CANNED	3,382,565	1,244,587
TUNA, CANNED	4,374,000	7,220,053
TURKEY ROAST, FRZ	457,560	718,648
VEGETABLE SOUP	4,611,769	2,694,967
<b>Total Section 6/32 Type</b>	<b>184,042,448</b>	<b>\$98,770,126</b>
<b>ENTITLEMENT COMMODITIES</b>		
<b>SECTION 416 TYPE:*</b>		
CEREAL, CORN	3,369,039	\$ 3,495,992
CEREAL, CORN & RICE	80,032	104,438
CEREAL, OATS	479,521	915,524
CEREAL, RICE	2,348,536	3,180,303
CEREAL, WB FLAKES	671,498	857,813
FLOUR MIX	1,680,000	928,826
FLOUR MIX, LOW FAT	840,000	500,612
GRITS	2,913,120	505,812
SPAGHETTI	13,360,800	4,264,138
MACARONI	7,716,000	2,555,280
EGG NOODLES	2,810,880	1,426,198
OATS	3,202,560	1,122,829
PEANUT BUTTER	12,483,367	8,619,914
RICE, MILLED	19,080,000	5,171,276
PEANUTS, ROASTED	498,960	482,417
VEGETABLE OIL	4,268,880	1,742,756
<b>Total Section 416 Type</b>	<b>75,803,193</b>	<b>\$35,873,928</b>
Anticipated Transportation/misc Offshore costs		550,000
Cash In-Lieu of Commodities - CNMI		22,075
AMS/FSA/PCIMS/Computer Support		814,762
Anticipated Adjustment		1,004,016
<b>TOTAL COMMODITY ENTITLEMENT</b>	<b>259,845,641</b>	<b>\$137,034,907</b>

1/ Includes TEFAP Admin Emergency Supplemental funds

**FOOD AND NUTRITION SERVICE**  
**THE EMERGENCY FOOD ASSISTANCE PROGRAM (Cont.)**  
**Quantity and Value of Commodities**  
**Fiscal Year 2006**

BONUS COMMODITIES	Pounds	Dollars
<i>SECTION 32C TYPE:</i>		
ASPARAGUS, CANNED	1,620,008	\$1,339,866
ASPARAGUS, FROZEN	180,000	168,960
BEANS, GRT NORTH	3,588,480	1,169,424
BEANS, KIDNEY	3,265,920	1,181,387
BEANS, LIMA	1,975,680	1,084,243
BEANS, NAVY PEA	725,760	244,781
BEANS, PINK	887,040	337,898
BEANS, PINTO	6,854,400	1,939,756
CHERRIES DRIED	2,631,552	10,406,003
CHICKEN LEQ QUARTERS	17,526,680	6,496,669
CRANBERRY J	6,693,121	4,942,312
CRANBERRY SAUCE CANNED	3,855,600	1,778,278
FIGS	5,930,496	6,876,277
GRAPE J	13,204,240	4,684,738
LAMB LEG ROAST	72,000	193,680
PEAS SPLIT 2	1,169,280	301,934
SALMON, CANNED	2,159,402	2,221,977
SWEET POTATOES, CANNED	12,083,250	7,894,541
<i>Total Section 32C Type</i>	<b>84,422,909</b>	<b>\$53,262,704</b>
<b>BONUS COMMODITIES</b>		
<i>SECTION 416 TYPE:</i>		
INSTANT 2	1,155,610	\$1,357,887
NFD BULK 25 KG	14,087,092	12,421,648
<i>Total Section 416 Type</i>	<b>15,242,702</b>	<b>\$13,779,535</b>
Anticipated Adjustment	0	0
<b>TOTAL BONUS COMMODITIES</b>	<b>99,665,611</b>	<b>67,042,239</b>
<b>TOTAL – ALL COMMODITIES</b>		
Anticipated Adjustment	0	0
<b>GRAND TOTAL</b>	<b>359,511,252</b>	<b>\$ 204,077,146</b>

Source: PCIMS – Delivery order and contract information.

Note: NFD Bulk Milk donated to Pennsylvania. Pennsylvania bartered the NDM for shelf stable for the Nation.

## FOOD AND NUTRITION SERVICE

### THE EMERGENCY FOOD ASSISTANCE PROGRAM Administrative Funds / Entitlement and Bonus Commodities

Fiscal Year 2006

State or Territory	Total Admin. Funds 1/	Entitlement Commodities 2/	Bonus Commodities	Total Food	Total Admin. and Food
Alabama.....	\$780,028	\$2,643,020	\$867,588	\$3,510,608	\$4,290,636
Alaska.....	123,025	252,096	137,938	390,034	513,059
Arizona.....	1,140,993	2,461,673	1,066,919	3,528,592	4,669,585
Arkansas.....	653,226	1,437,375	804,254	2,241,629	2,894,855
California.....	7,338,780	15,696,092	6,151,288	21,847,380	29,186,160
Colorado.....	824,720	1,612,960	725,897	2,338,857	3,163,577
Connecticut.....	412,264	1,379,156	590,079	1,969,235	2,381,499
Delaware.....	120,477	264,248	131,404	395,652	516,129
District of Columbia.....	156,626	338,027	195,914	533,941	690,567
Florida.....	2,522,993	7,031,573	3,003,811	10,035,384	12,558,377
Georgia.....	1,703,996	3,792,378	1,464,844	5,257,222	6,961,218
Hawaii.....	145,537	370,883	184,033	554,916	700,453
Idaho.....	224,026	468,181	197,206	665,387	889,413
Illinois.....	2,226,929	5,217,139	1,891,983	7,109,122	9,336,051
Indiana.....	1,094,402	2,468,415	1,023,238	3,492,653	4,587,055
Iowa.....	501,924	1,043,639	397,639	1,441,278	1,943,202
Kansas.....	510,725	1,114,053	394,942	1,508,995	2,019,720
Kentucky.....	951,892	2,066,838	622,783	2,719,621	3,671,513
Louisiana.....	1,957,456	4,090,246	1,200,094	5,290,340	7,247,796
Maine.....	255,004	553,881	341,229	895,110	1,150,114
Maryland.....	835,439	1,807,764	670,795	2,478,559	3,313,998
Massachusetts.....	1,088,803	2,310,359	779,599	3,089,958	4,178,761
Michigan.....	2,233,289	4,763,679	1,449,490	6,213,169	8,446,458
Minnesota.....	688,269	1,482,083	622,515	2,104,598	2,792,867
Mississippi.....	850,570	3,328,159	787,132	4,115,291	4,965,861
Missouri.....	1,098,368	3,082,136	1,226,979	4,309,115	5,407,483
Montana.....	190,011	415,659	137,097	552,756	742,767
Nebraska.....	281,543	606,350	204,959	811,309	1,092,852
Nevada.....	369,192	806,596	168,193	974,789	1,343,981
New Hampshire.....	149,497	331,993	326,380	658,373	807,870
New Jersey.....	1,114,252	2,753,908	1,232,855	3,986,763	5,101,015
New Mexico.....	480,981	1,046,387	335,128	1,381,515	1,862,496
New York.....	4,009,040	8,758,273	3,815,826	12,574,099	16,583,139
North Carolina.....	1,584,965	4,372,787	2,404,187	6,776,974	8,341,939
North Dakota.....	99,825	214,027	109,993	324,020	423,845
Ohio.....	1,867,357	5,124,211	1,896,223	7,020,434	8,887,791
Oklahoma.....	538,587	1,501,653	747,235	2,248,888	2,787,475
Oregon.....	767,920	1,644,483	799,893	2,444,376	3,212,296
Pennsylvania.....	2,174,792	4,659,683	14,707,383	19,367,066	21,541,858
Rhode Island.....	198,058	432,120	278,674	710,794	908,852
South Carolina.....	934,294	2,025,306	614,656	2,639,962	3,574,256
South Dakota.....	140,639	294,924	126,186	421,110	561,749
Tennessee.....	1,345,090	2,963,670	902,489	3,866,159	5,211,249
Texas.....	5,207,226	11,553,064	4,971,553	16,524,617	21,731,843
Utah.....	394,228	850,101	391,005	1,241,106	1,635,334
Vermont.....	87,604	195,109	290,815	485,924	573,528
Virginia.....	1,107,866	2,354,869	1,469,223	3,824,092	4,931,958
Washington.....	1,238,316	2,656,721	1,515,714	4,172,435	5,410,751
West Virginia.....	392,412	852,814	729,376	1,582,190	1,974,602
Wisconsin.....	967,162	2,083,635	883,925	2,967,560	3,934,722
Wyoming.....	79,564	168,049	140,915	308,964	388,528
American Samoa.....	0	-	-	-	-
Guam.....	17,000	39,305	53,383	92,688	109,688
Northern Mariana Island.....	10,224	22,075	-	22,075	32,299
Puerto Rico.....	2,226,361	4,783,786	859,380	5,643,166	7,869,527
Trust Territory.....	0	-	-	-	-
Virgin Islands.....	22,705	47,518	-	47,518	70,223
Indian Tribes Set Asi.....	0	-	-	-	-
Freely Associated States.....	0	-	-	-	-
AMS/FSA/PCIMS/CompSup.....	0	814,762	-	814,762	814,762
Estimated transportation/misc.....	0	550,000	-	550,000	550,000
Undistributed.....	5059728	1,004,016	-	1,004,016	6,063,744
<b>TOTAL.....</b>	<b>\$63,476,200</b>	<b>\$137,034,907</b>	<b>\$67,042,239</b>	<b>\$204,077,146</b>	<b>\$267,553,346</b>

1/ Includes TEFAP Admin Emergency Supplemental funds.

2/ Includes TEFAP Commodity Emergency Supplemental funds that were appropriated to the TEFAP program in the CAP account.

Source: PCIMS – Delivery order and contract information.  
Entitlement figures include Supplemental Appropriation.  
Northern Mariana Islands equals cash.

WIC FARMERS MARKET NUTRITION PROGRAM  
PARTICIPATION AND PROGRAM FINANCING

FISCAL YEAR 2005 and 2006

STATE OR TERRITORY	Fiscal Year 2005 TOTAL PARTICIPATION 1/				Fiscal Year 05 PROGRAM GRANT	Fiscal Year 06 PROGRAM GRANT
	WOMEN	INFANTS	CHILDREN	TOTAL		
Alabama-----	7,245	0	19,520	26,765	\$506,666	\$428,980
Alaska-----	4,577	2,863	9,104	16,544	290,029	245,559
Arizona-----	3,623	0	6,583	10,206	303,333	256,824
Arkansas-----	7,599	0	10,997	18,596	245,000	207,434
California-----	253,763	103,444	346,287	703,494	3,097,875	2,622,887
Connecticut-----	15,023	0	37,099	52,122	409,879	347,033
District of Columbia-----	5,459	0	9,996	15,455	389,276	329,589
Florida-----	12,644	307	21,230	34,181	366,543	310,342
Georgia-----	14,577	4,812	22,888	42,277	1,309,243	1,108,499
Illinois-----	6,806	0	25,188	31,994	500,000	423,337
Indiana-----	11,362	4,451	18,914	34,727	328,410	278,055
Iowa-----	6,754	0	35,200	41,954	641,320	542,988
Kentucky-----	8,528	629	18,156	27,313	290,000	245,535
Louisiana-----	205	0	94	299	6,667	6,667
Maine-----	1,822	0	4,057	5,879	85,000	75,000
Maryland-----	28,387	0	25,606	53,993	441,000	373,382
Massachusetts-----	32,330	2,386	64,853	99,569	607,229	514,124
Michigan-----	11,855	457	25,806	38,118	515,490	436,452
Minnesota-----	15,134	4,847	32,436	52,417	396,667	335,847
Mississippi 2/-----	2,806	42	5,829	8,677	101,266	89,500
Montana-----	2,028	0	3,278	5,306	57,353	57,353
New Hampshire-----	4,308	0	8,766	13,074	139,047	117,727
New Jersey-----	32,000	0	32,250	64,250	1,586,411	1,343,170
New Mexico 2/-----	9,449	1,151	21,019	31,619	407,894	347,653
New York-----	126,823	102,342	183,152	412,317	4,452,384	3,769,708
North Carolina-----	12,515	0	8,437	20,952	365,470	309,433
Ohio-----	9,248	0	21,808	31,056	672,288	569,208
Oklahoma Chickasaw-----	793	376	1,613	2,782	80,000	75,000
Oklahoma Osage Tribe-----	330	288	922	1,540	31,325	31,325
Oregon-----	7,935	3,349	19,625	30,909	472,500	400,053
Pennsylvania-----	42,891	0	91,142	134,033	2,312,386	1,957,834
Puerto Rico-----	18,345	9,143	48,320	75,808	2,333,613	1,975,806
Rhode Island-----	6,333	1,695	12,930	20,958	196,796	166,621
South Carolina-----	7,024	0	11,720	18,744	166,235	140,747
Tennessee-----	4,476	0	6,700	11,176	96,000	75,000
Texas-----	83,528	0	168,535	252,063	1,650,000	1,397,010
Vermont-----	636	311	1,999	2,946	75,676	75,000
Virginia-----	4,586	0	11,826	16,412	387,952	328,468
Washington-----	40,470	0	81,601	122,071	760,000	643,471
West Virginia-----	2,250	1,250	1,500	5,000	70,000	70,000
Wisconsin-----	32,705	0	60,739	93,444	799,309	676,753
Guam-----	1,619	0	3,551	5,170	123,457	104,527
Undistributed-----	0	0	0	0	212,993	4,107
<b>TOTAL-----</b>	<b>900,791</b>	<b>244,143</b>	<b>1,541,276</b>	<b>2,686,210</b>	<b>\$28,279,982</b>	<b>\$23,814,008</b>

1/ Participation data reflects Fiscal Year 2005. Participation data for Fiscal Year 2006 is not due until February 2007.

2/ Includes Indian Tribal Organizations.

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

### DISASTER ASSISTANCE a/ Quantity and Value of Commodities

Fiscal Year 2006

ENTITLEMENT COMMODITIES	Pounds	Dollars
<b>SECTION 6/32 TYPE:</b>		
BEANS, CANNED	34,992	\$9,094.00
BEANS, GREEN CANNED	228	71
CHICKEN CANNED	188	325
CORN LQD 10	239	72
PEARS CANNED	13,430	6,548
TOMATO SAUCE	80	20
<b>Total Section 6/32 Type</b>	<b>49,157</b>	<b>\$16,130</b>
<b>ENTITLEMENT COMMODITIES</b>	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 416 TYPE:</b>		
RICE L 30/2	672,000	\$137,746.00
UHT FLUID MILK 2%	305,144	151,046.00
PEANUT BUTTER	349,920	239,712.00
<b>Total Section 416 Type</b>	<b>1,327,064</b>	<b>\$528,504</b>
Undistributed AMS / FSA / PCIMS Admin. Expenses		
<b>TOTAL COMMODITY ENTITLEMENT</b>	<b>1,376,221</b>	<b>\$544,634</b>
<b>BONUS COMMODITIES</b>	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 32 TYPE:</b>		
APRICOTS	659,502	\$385,549
BEANS PINTO 2	282,240	74,340.00
BEEF 40	40,000	58,335.00
GRAPE J 64 OZ	39,228	19,109.00
MEAT CANNED	36,855	49,791.00
PEACHES CLING	399,882	219,153.00
PEARS	579,792	332,034.00
PINEAPPLE TIDBITS	40	28.00
TOMATOES 300	281,880	113,157.00
<b>Total Section 32 Type</b>	<b>2,319,419</b>	<b>\$1,251,496</b>
<b>BONUS COMMODITIES</b>	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 416 TYPE:</b>		
<b>Total Section 416 Type</b>	<b>0</b>	<b>\$0</b>
Anticipated Adjustment		
<b>TOTAL BONUS COMMODITIES</b>	<b>2,319,419</b>	<b>\$1,251,496</b>
<b>TOTAL - ALL COMMODITIES</b>	<b>3,695,640</b>	<b>\$1,796,130</b>
Cash In-Lieu of Commodities	0	0
<b>GRAND TOTAL</b>	<b>3,695,640</b>	<b>\$1,796,130</b>

Source: PCIMS - Delivery order and contract information.

\* Note: FY2006 Disaster Assistance for Hurricane Katrina, Rita, and Wilma.

a/ The commodity purchases were made under Section 32 authority for distribution through FNS. Additional purchases of \$178,384 were made with FNS Disaster Assistance funds in the CAP account.

## FOOD AND NUTRITION SERVICE

### DISASTER ASSISTANCE Value of Commodities to States Entitlement and Bonus

Fiscal Year 2006

State or Territory	Entitlement	Bonus	Total
Alabama.....			
Alaska.....			
Arizona.....			
Arkansas.....			
California.....			
Colorado.....			
Connecticut.....			
Delaware.....			
District of Columbia.....			
Florida.....			
Georgia.....			
Hawaii.....			
Idaho.....			
Illinois.....			
Indiana.....			
Iowa.....			
Kansas.....			
Kentucky.....			
Louisiana.....	\$52,947	\$58,585	\$111,532
Maine.....			
Maryland.....			
Massachusetts.....			
Michigan.....			
Minnesota.....			
Mississippi.....		49,791	49,791
Missouri.....	202,854	70,427	273,281
Montana.....			
Nebraska.....			
Nevada.....			
New Hampshire.....			
New Jersey.....			
New Mexico.....			
New York.....			
North Carolina.....			
North Dakota.....			
Ohio.....			
Oklahoma.....	15,645	166	15,811
Oregon.....			
Pennsylvania.....			
Rhode Island.....			
South Carolina.....			
South Dakota.....			
Tennessee.....			
Texas.....	273,188	1,072,527	1,345,715
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.....			
Undistributed.....			
<b>TOTAL.....</b>	<b>\$544,634</b>	<b>\$1,251,496</b>	<b>\$1,796,130</b>

Source: PCIMS -- Delivery order and contract information.

**FOOD AND NUTRITION SERVICE****Pacific Island Assistance  
Quantity and Value of Commodities****Fiscal Year 2006**

ENTITLEMENT COMMODITIES	Pounds	Dollars
<b>SECTION 6/32 TYPE:</b>		
BEEF STEW CHUNKY	36,000	\$28,943
BEEF NJ	72,036	152,924
CND BEEF 24 OZ	36,000	76,783
CANNED CORN, KERNEL	35,037	11,953
LUNCHMEAT	38,000	71,935
ORANGE JUICE, CANNED	35,700	12,762
<b>Total Section 6/32 Type</b>	<b>250,773</b>	<b>\$355,300</b>
<b>ENTITLEMENT COMMODITIES</b>	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 416 TYPE:</b>		
FLOUR AP 8/5	42,840	\$7,557
RICE	210,000	75,261
MILK, EVAPORATED	36,720	17,018
<b>Total Section 416 Type</b>	<b>246,720</b>	<b>\$99,836</b>
TOTAL COMMODITY	497,493	455,136
Anticipated Adjustment (unspent)	0	0
<b>TOTAL COMMODITY ENTITLEMENT</b>	<b>\$497,493</b>	<b>\$455,136</b>
<b>BONUS COMMODITIES</b>	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 32 TYPE:</b>		
NONE		
<b>Total Section 32 Type</b>	<b>0</b>	<b>\$0</b>
<b>BONUS COMMODITIES</b>	<b>Pounds</b>	<b>Dollars</b>
<b>SECTION 416 TYPE:</b>		
INSTANT MILK	26,880	\$23,954
<b>Total Section 416 Type</b>	<b>26,880</b>	<b>23,954</b>
Anticipated Adjustment		96,100
<b>TOTAL BONUS COMMODITIES</b>	<b>26,880</b>	<b>\$23,954</b>
<b>TOTAL -- ALL COMMODITIES</b>	<b>497,493</b>	<b>\$575,190</b>

Source: PCIMS -- Delivery order and contract information.  
FY 2006 Report

**FOOD AND NUTRITION SERVICE**  
**NUTRITION SERVICES INCENTIVE PROGRAM**  
 Value of Commodities to States  
 Entitlement and Bonus  
 Fiscal Year 2006

State or Territory	Entitlement	Bonus	Total
Alabama.....	0	0	0
Alaska.....	0	0	0
Arizona.....	0	0	0
Arkansas.....	0	0	0
California.....	0	0	0
Colorado.....	0	0	0
Connecticut.....	0	\$446	\$446
Delaware.....	\$136,670	0	136,670
District of Columbia.....	0	0	0
Florida.....	0	0	0
Georgia.....	0	0	0
Hawaii.....	0	0	0
Idaho.....	56,585	0	56,585
Illinois.....	0	0	0
Indiana.....	0	0	0
Iowa.....	155,369	0	155,369
Kansas.....	327,426	152,398	479,824
Kentucky.....	0	0	0
Louisiana.....	0	0	0
Maine.....	0	0	0
Maryland.....	0	0	0
Massachusetts.....	1,402,542	0	1,402,542
Michigan.....	0	0	0
Minnesota.....	0	0	0
Mississippi.....	0	0	0
Missouri.....	0	16,738	16,738
Montana.....	257,534	0	257,534
Nebraska.....	0	0	0
Nevada.....	153,245	0	153,245
New Hampshire.....	0	0	0
New Jersey.....	0	0	0
New Mexico.....	0	0	0
New York.....	0	0	0
North Carolina.....	0	0	0
North Dakota.....	0	0	0
Ohio.....	0	0	0
Oklahoma.....	9,739	185	9,924
Oregon.....	0	0	0
Pennsylvania.....	0	0	0
Rhode Island.....	0	0	0
South Carolina.....	0	0	0
South Dakota.....	0	0	0
Tennessee.....	0	0	0
Texas.....	0	0	0
Utah.....	0	0	0
Vermont.....	0	0	0
Virginia.....	0	0	0
Washington.....	0	0	0
West Virginia.....	0	0	0
Wisconsin.....	0	0	0
Wyoming.....	0	0	0
American Samoa.....	0	0	0
Guam.....	0	0	0
Northern Mariana Island.....	0	0	0
Puerto Rico.....	0	0	0
Trust Territory.....	0	0	0
Virgin Islands.....	0	0	0
Indian Tribes Set Asi.....	0	0	0
Indian Tribes.....	0	0	0
Freely Associated States.....	0	0	0
DOD Army / AF.....	0	0	0
AMS/FSA /PCIMS/COM. SUPT.....	12,000	0	12,000
Undistributed.....	95,491	0	95,491
<b>TOTAL.....</b>	<b>\$2,606,601</b>	<b>\$169,767</b>	<b>\$2,776,368</b>

Source: PCIMS - Delivery order and contract information.

## FOOD AND NUTRITION SERVICE

### NUTRITION SERVICES INCENTIVE PROGRAM

Quantity and Value of Commodities

Fiscal Year 2006

ENTITLEMENT COMMODITIES	Pounds	Dollars
<b>SECTION 6/32 TYPE:</b>		
APPLE SLICES	108	\$42
APPLES	8,624	2,569
APPLESAUCE, CANNED	26,325	7,975
APRICOTS, CANNED	50,140	22,628
BEANS, BLKEYE CND	365	96
BEANS, GREEN CANNED	50,768	15,578
BEANS, GREEN FROZEN	39,600	17,267
BEANS, GRT NORTH CND	34,992	11,837
BEANS, PINTO CANNED	175	45
BEANS, REFRIED	6,300	2,152
BEANS, VEGETARIAN CND	3,038	791
BEEF, 40	399,280	568,687
BEEF, COARSE BULK	126,000	176,020
BEEF, ALL PATTIES 40	240	388
CARROTS, CANNED	277	89
CHERRIES, RED	77	41
CHICKEN, BREADED	11,580	17,112
CHICKEN, CHILLED BULK	504,000	266,014
CHICKEN, CUT-UP FROZEN	201,200	120,982
CHICKEN, DICED	50,520	84,563
CHICKEN, FAJITA	117,000	187,531
CORN, CANNED	36,252	11,319
CORN, FROZEN	118,830	42,423
EGGS WHOLE	510	251
FRUIT MIX, CANNED	22,102	11,369
HAM, COOKED WATER ADD FRZ	80	124
ORANGE J SNGL	494	183
PEACHES, CLING CANNED	167,665	71,645
PEACHES, CUP 4.4	4,250	3,591
PEARS, CANNED	110,128	54,679
PEARS, FRESH	10,125	3,625
PEAS, CANNED	36,143	13,539
PINEAPPLE, CANNED	170,051	120,435
PORK, ROAST FROZEN	160,000	198,883
POTATO ROUNDS, FROZEN	55,050	21,296
POTATO WEDGES, FROZEN	16,650	6,813
RAISINS, 144	12	11
SPAGHETTI SAUCE, CND	42,334	10,534
STRAWBERRIES SLC	120	113
SWEET POTATOES	162	76
TOMATO SAUCE, CANNED	36,252	8,942
TOMATOES, 10	115	34
TOMATOES, DICED CANNED	108,821	33,550
TURKEY BREAST DELI	15,580	33,713
TURKEY HAMS	52,120	67,949
TURKEY, ROASTS FROZEN	182,920	260,598
TURKEY TACO FILLING	1,500	1,523
<b>Total Section 6/32 Type</b>	<b>2,978,875</b>	<b>\$2,479,625</b>
<b>SECTION 416 TYPE:</b>		
CHEESE	3,150	\$4,596
FLOUR AP	86,320	14,430
MACARONI 20	160	55
PEANUT BUTTER	90	57
ROTINI	20	7
SHORTENING	606	290
SPAGHETTI 20	140	50
<b>Total Section 416 Type</b>	<b>90,486</b>	<b>\$19,485</b>
Anticipated Adjustment		95,491
AMS / FSA / PCIMS Admin. Expenses		12,000
<b>TOTAL COMMODITY ENTITLEMENT</b>	<b>3,069,361</b>	<b>\$2,606,601</b>

**FOOD AND NUTRITION SERVICE  
NUTRITION SERVICES INCENTIVE PROGRAM (Cont.)**

**Quantity and Value of Commodities**

**Fiscal Year 2006**

BONUS COMMODITIES	Pounds	Dollars
<b>SECTION 32 TYPE:</b>		
BEANS, PINTO 25	120,100	\$31,781
CHERRIES, FRZ	60	43
CHERRIES, IQF	38,440	29,516
CRANBERRY SAUCE, CND	84,144	31,248
PINEAPPLE CRUSHED	36,371	26,034
SWEET POTATOES	110,808	51,145
<b>Total Section 32 Type</b>	<b>389,923</b>	<b>\$169,767</b>

BONUS COMMODITIES	Pounds	Dollars
<b>SECTION 416 TYPE:</b>		
<b>Total Section 416 Type</b>	0	0
Anticipated Adjustment		
<b>TOTAL BONUS COMMODITIES</b>	389,923	\$169,767
<b>TOTAL – ALL COMMODITIES</b>	3,459,284	\$2,776,368
Cash In-Lieu of Commodities		
<b>GRAND TOTAL</b>	3,459,284	\$2,776,368

Source: PCIMS – Delivery order and contract information.

**FOOD AND NUTRITION SERVICE**  
**SUMMER CAMPS AND CHARITABLE INSTITUTIONS**  
 Value of Commodities to States  
 Entitlement and Bonus  
 Fiscal Year 2006

State or Territory	Entitlement	Bonus	Total
Alabama.....			
Alaska.....			
Arizona.....			
Arkansas.....			
California.....			
Colorado.....			
Connecticut.....		\$49,127	\$49,127
Delaware.....			
District of Columbia.....			
Florida.....			
Georgia.....		25,096	25,096
Hawaii.....			
Idaho.....			
Illinois.....			
Indiana.....			
Iowa.....			
Kansas.....			
Kentucky.....			
Louisiana.....		338,718	338,718
Maine.....			
Maryland.....			
Massachusetts.....		61,076	61,076
Michigan.....			
Minnesota.....			
Mississippi.....			
Missouri.....		75,170	75,170
Montana.....			
Nebraska.....		13,109	13,109
Nevada.....			
New Hampshire.....			
New Jersey.....		13,308	13,308
New Mexico.....			
New York.....			
North Carolina.....		38,816	38,816
North Dakota.....			
Ohio.....			
Oklahoma.....		50,427	50,427
Oregon.....			
Pennsylvania.....			
Rhode Island.....			
South Carolina.....			
South Dakota.....			
Tennessee.....			
Texas.....			
Utah.....			
Vermont.....			
Virginia.....		67,884	67,884
Washington.....			
West Virginia.....			
Wisconsin.....			
Wyoming.....			
American Samoa.....			
Guam.....			
Northern Mariana Island.....			
Puerto Rico.....		12,562	12,562
Trust Territory.....			
Virgin Islands.....			
Indian Tribes Set Asi.....			
Indian Tribes.....			
Freely Associated States.....			
DOD Army / AF.....			
AMS / FSA / PCIMS.....			
Bureau of Prisons/VA Hospitals			
Undistributed.....			
<b>TOTAL.....</b>	<b>\$0</b>	<b>\$745,293</b>	<b>\$745,293</b>

Source: PCIMS – Delivery order and contract information.

## FOOD AND NUTRITION SERVICE

### SUMMER CAMPS, CHARITABLE INSTITUTIONS, BUREAU OF PRISONS, AND VA HOSPITALS

#### Quantity and Value of Commodities

**Fiscal Year 2006**

ENTITLEMENT COMMODITIES	Summer Camps		Charitable Institutions		Bureau of Prisons		VA Hospitals	
	Pounds	Dollars	Pounds	Dollars	Pounds	Dollars	Pounds	Dollars
SECTION 6/32 TYPE: NONE								
Total Section 6/32 Type	0	\$0	0	\$0	0	\$0	0	\$0
ENTITLEMENT COMMODITIES	Pounds	Dollars	Pounds	Dollars	Pounds	Dollars	Pounds	Dollars
SECTION 416 TYPE: NONE								
Total Section 416 Type	0	\$0	0	\$0	0	\$0	0	\$0
Anticipated Adjustment AMS / FSA / PCIMS Admin. Expenses								
TOTAL COMMODITY ENTITLEMENT	0	\$0	0	\$0	0	\$0	0	\$0
BONUS COMMODITIES	Summer Camps		Charitable Institutions		Bureau of Prisons		VA Hospitals	
	Pounds	Dollars	Pounds	Dollars	Pounds	Dollars	Pounds	Dollars
SECTION 32 TYPE:  CHIX LEG QUARTERS			\$2,432,360	\$745,293	\$29,879,040	\$9,054,030		
Total Section 32 Type	0	\$0	2,432,360	745,293	29,879,040	9,054,030	0	\$0
BONUS COMMODITIES	Pounds	Dollars	Pounds	Dollars	Pounds	Dollars	Pounds	Dollars
SECTION 416 TYPE:  Total Section 416 Type	0	\$0	0	\$0	0	\$0	0	\$0
Anticipated Adjustment								
TOTAL BONUS COMMODITIES	0	\$0	\$2,432,360	\$745,293	\$29,879,040	\$9,054,030	0	\$0
TOTAL – ALL COMMODITIES Cash In-Lieu of Commodities	0	\$0	2,432,360	\$745,293	29,879,040	\$9,054,030	0	\$0
GRAND TOTAL	0	\$0	2,432,360	\$745,293	29,879,040	\$9,054,030	0	\$0

Source: PCIMS – Delivery order and contract information.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Nutrition Programs Administration:

For necessary administrative expenses of the domestic nutrition assistance programs funded under this Act,  
\$148,926,000.

## FOOD AND NUTRITION SERVICE

Analysis of Change in AppropriationNUTRITION PROGRAMS ADMINISTRATION – CURRENT LAW

Estimate, 2007 .....	\$141,828,000
Budget Estimate, 2008.....	<u>148,926,000</u>
Increase in Appropriation.....	<u>+7,098,000</u>

SUMMARY OF INCREASES AND DECREASES – CURRENT LAW

(On basis of appropriation)

Item of Change	2007 Estimated	Pay Costs	Program Changes	2008 Estimated
Direct Program, FNS and CNPP a/	\$139,353,000	\$5,573,000		\$144,926,000
Congressional Hunger Center	2,475,000		-\$2,475,000	0
CNPP Initiatives	0		2,000,000	2,000,000
Food Stamp Modernization and Innovation Projects	0		2,000,000	2,000,000
Total Available	141,828,000	5,573,000	1,525,000	148,926,000

<sup>a/</sup> The FY 2007 estimate for the salaries and expenses of the Center for Nutrition Policy and Promotion is \$2,836,000; the FY 2008 request is \$4,994,000.

## FOOD AND NUTRITION SERVICE

**PROJECT STATEMENT**  
(On basis of appropriation)

Project	2006 Actual		2007 Estimated		Increase or Decrease	2008 Estimated	
	Amount	SY	Amount	SY		Amount	SY
Food and Nutrition Service/CNPP	\$139,029,742	1,194	\$139,353,000	1,141	+ \$9,573,000	\$148,926,000	1,141
Congressional Hunger Center	2,475,000		2,475,000		- -2,475,000	0	
Congressional Relations	266,000		0		0	0	
Miscellaneous Reimbursements	740,194		0		0	0	
Balance lapsing	323,648		0		0	0	
<b>Total Available or Estimate</b>	<b>142,834,584</b>	<b>1,194</b>	<b>141,828,000</b>	<b>1,141</b>	<b>+ 7,098,000</b>	<b>148,926,000</b>	<b>1,141</b>
Rescission P.L. 109-148	1,407,610		0				
Congressional Hunger Center	-2,475,000		-2,475,000				
Transfer from Congressional Relations	-266,000		0				
Transfer from Miscellaneous Reimbursements	-740,194		0				
<b>Total Appropriation</b>	<b>140,761,000</b>	<b>1,194</b>	<b>139,353,000</b>	<b>1,141</b>			

## Administrative Expenses Breakout by FNS Programs

	FY 2008
Food Stamp Program	\$76,900,000
Child Nutrition Programs	31,427,000
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	29,860,000
Commodity Assistance Program	5,745,000
Subtotal	143,932,000
Center for Nutrition Policy and Promotion	4,994,000
<b>Total Request, Nutrition Programs Administration</b>	<b>148,926,000</b>

JUSTIFICATION OF INCREASES AND DECREASES

A net increase of \$7,098,000 for the Food and Nutrition Service in support of Nutrition Assistance Programs (\$141,828,000 available in FY 2007) consisting of:

- (1) A total increase of \$5,573,000, of which \$3,639,000 is for the increased 2008 pay costs and \$1,934,000 is for the increased 2007 pay costs.

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

- (2) A decrease of \$2,475,000 for the Congressional Hunger Center Foundation.

Explanation of Change. In FY 2007, \$2,475,000 was appropriated to FNS to be provided to the Congressional Hunger Center Foundation. The Congressional Hunger Center was established in 1993 with the purpose of combating hunger and poverty at the community, national, and international levels. It is traditionally not part of the agency's nutrition assistance programs.

- (3) An increase of \$2,000,000 to fund initiatives by the Center for Nutrition Policy and Promotion.

Explanation of Change. CNPP requests \$2,000,000 to continue development of (1) an evidence-based system for the 2010 *Dietary Guidelines for Americans* and (2) enhancements to MyPyramid, interactive applications and information technology services.

- (4) An increase of \$2,000,000 for Food Stamp Modernization and Innovation Projects.

Explanation of Change. FNS seeks funding for Food Stamp Modernization and Innovation Projects to study the impact of new Food Stamp Program service delivery models on program access, erroneous payments, and administrative costs. This will assist the agency in meeting the provisions of the Improper Payments Information Act and PMA.

**FNCS DEPARTMENT ESTIMATES FISCAL YEAR 2008  
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 2008 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 2008 request will enable CNPP to continue the work begun in FY 2007, as fully described below.

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

The USDA and the Department of Health and Human Services, 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*, and the review process for the 2010 *Dietary Guidelines for Americans* must begin in FY 2008. CNPP requests funding for planning and implementation related to the development of the 2010 *Dietary Guidelines for Americans*. Specifically, CNPP requests funds that will support an evidence-based system and USDA's lead administrative role. 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 procure and operate an evidence-based system to ensure that Federal nutrition guidance is based on a preponderance of the scientific literature, resulting in Americans using science-based information as required by the Information Quality Act and achieving positive dietary behavior changes. Specific tasks under this procurement include:

- Acquisition and installation of the evidence-based system;
- Population of the evidence-based system with activities undertaken by the 2005 Dietary Guidelines Advisory Committee;
- Population of evidence-based system with new literature since the 2005 *Dietary Guidelines for Americans* report;
- Staff training for usage of the evidence-based system;
- Development of reporting formats; 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 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 Acquisition of new composition data and integration into the database to improve the Healthy Eating Index (HEI) score, a USDA performance measure; and
- o Continuation of efficient distribution of the thousands of pieces of materials requested by the public.

CNPP will fund an evaluation system for MyPyramid.gov to ascertain its usefulness by the American public and health professionals, to improve scores on the USDA strategic goal, as documented by the HEI and, ultimately, to foster more positive dietary behaviors. Specifically, we 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 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 them personalize nutritional guidance to meet their individual needs. Specific tasks under this procurement include the following:

- o Incorporation of the HEI into the MyPyramid Tracker. Including the HEI into the MyPyramid Tracker allows users to identify which “small steps” they most need to take to improve their diets;
- o Incorporation of an interactive recipe file feature; and
- o Incorporation of targeted messages for special purposes, such as worksite wellness programs and pregnant and lactating women.

**Goal:** Objective 5.2: Promote Healthier Eating Habits and Lifestyles.

**Budget Impact:**  
(\$ in millions)

	<b>FY 2008</b>
Budget Authority	2

**FNCS DEPARTMENT ESTIMATES FISCAL YEAR 2008  
CURRENT LAW**

**Program:** Nutrition Programs Administration-- Food Stamp Modernization and Innovation Projects

**Proposal:** Funding for Food Stamp Modernization and Innovation Projects to study the impact of new Food Stamp Program service delivery models on program access, erroneous payments, and administrative costs.

**Rationale:** States, local program agencies, community and faith-based organizations, and others are engaged in a variety of innovative efforts to improve service delivery in the Food Stamp Program. Several States are modernizing program operations to improve access, reduce administrative costs, and improve payment accuracy. 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.

Similar to the years preceding welfare reform, States, local program agencies, and community organizations have created a real-world laboratory to consider and test different approaches to modernize the Food Stamp Program. Florida has implemented a re-engineering plan Statewide. Texas began rolling out their modernization model during 2006. Indiana will begin to implement a Statewide re-engineering plan in 2007. Many other States are pursuing food stamp modernization activities on a somewhat smaller scale. FNS expects interest and activity in this area to grow.

The FY 2008 budget request includes \$2,000,000 to support a demonstration and evaluation partnership that would harness such innovations to inform national policy discussions more effectively, by focusing State and local efforts on approaches with more promise and of greater national interest and coupling them with sound and rigorous evaluation to demonstrate results. FNS would invite States to submit proposals for demonstrations that are consistent with current waiver authority and priorities; would operate, initially, in limited geographic areas; and incorporate strong evaluation designs to draw sound conclusions about impacts on access, cost, and accuracy. The funds requested would support the cost of evaluation.

Depending on the type and number of reforms studied, projects would seek to determine:

- whether the reform has affected access to the Food Stamp Program, and for which types of participants, in particular (i.e. the elderly, working families);
- which combination of elements produce the largest improvement in program access;
- whether the reform affected payment accuracy;
- successful strategies for maintaining a high level of payment accuracy; and
- direct and indirect start-up and on-going costs.

This project builds on a case study of Florida's initiative started in fiscal year 2005 and a national review of current State efforts to update program operations begun in fiscal year 2006. In combination, these projects will help to inform decision-making among policymakers and Federal, State, and local program managers in updating services to meet participants' needs most effectively.

**Goal:** Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service.

**Budget Impact:**  
(\$ in millions)

	FY 2008
Budget Authority	2

## NUTRITION PROGRAMS ADMINISTRATION

### STATUS OF PROGRAM

The Nutrition Programs Administration (NPA) appropriation funds operating expenses for administering the nutrition assistance programs of the Food and Nutrition Service (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 Summer Food Service Program (SFSP) and Child and Adult Care Food Program (CACFP) eligibility pilots); the expansion of the “Simplified Summer Program” and the Fresh Fruit and Vegetable Program; 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 2006 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 2006 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 2006, 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 40 States, and also at the local agency level in 19 offices in 16 States. MEs were conducted in 30 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 error rate decreased from 5.88 percent in FY 2004 to 5.84 percent in FY 2005, an all-time low. The rate reflects an over-issuance rate of 4.53 percent and an under-issuance rate of 1.31 percent. To maintain this trend in FY 2006, 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 2005, development of Phase 2 of EDRS was completed and Phase 3 had begun. When completed in FY 2007, EDRS will replace the Disqualified Recipient System with a faster, more efficient Web-based application. Phase 2 made it possible for State users to log onto the EDRS Web site and add disqualification records directly to the database. Phase 3 will enable the sending and retrieving of batch files for States which choose that option. During FY 2006, several new States were added to the list of active participants, bringing the total to 19. Although some unexpected technical issues have delayed development somewhat, it is anticipated that these issues will be resolved and the addition of the remaining States completed around the middle of FY 2007.

- *Recipient Claims* – State agencies collected about \$206.8 million in food stamp recipient claims in FY 2005, the most recent year for which final figures are available. This is 2.4 percent more than the FY 2004 collection level of \$201.9 million.

In FY 2006, FNS continued monitoring corrective actions performed by States to correct previously identified deficiencies in recipient claims systems. The number of States with claims systems without significant problems has increased from 7 in FY 1998 to 47 at the end of FY 2006.

- *Retailer Oversight and Integrity* – In FY 2006, FNS staff authorized or reauthorized 53,407 firms to participate in the FSP. FNS utilized contractor store visits to verify the initial or continued eligibility of 28,077 stores participating in the FSP. In this same period, 20,097 firms were withdrawn from participation because of changes in ownership, business closings, or nonconformance with authorization criteria. In addition, 1,506 stores were fined or disqualified temporarily or permanently for noncompliance with law or FSP regulations. At the end of FY 2006, 162,015 stores were authorized to participate in the FSP, an increase of 1,727 stores from FY 2005 and of 9,516 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 2006, RIB conducted investigations of 4,816 stores nationwide. Approximately 37 percent (1,799) of these investigations documented evidence of FSP violations. Of the 1,799 positive investigations, RIB investigators uncovered trafficking in 260 stores.

In addition to ongoing investigative activity, RIB conducted 13 mini-task force investigative operations in Miami, FL, Memphis, TN, Orlando, FL, Columbia, SC, Chicago, IL, Albuquerque, NM, Los Angeles, CA, Dallas/Ft. Worth, TX, New York, NY (2), upstate NY, eastern KY, and north central PA.

**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 (10 States in FY 2006) and contract approvals (14 States in FY 2006). Two States converted 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 Indian Tribal Organizations (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 2006 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. An expert panel, 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; explore "healthier" alternatives to some current products; increase the convenience and acceptability of products offered; and adjust pack sizes/guide rates to better meet the needs of one-person households. FNS also implemented changes stemming from previous food package reviews, such as offering reduced-fat cheese and whole wheat flour as part of the food package.

**Meeting Customer Needs and Preferences in Purchasing Bison:** In FY 2004, FNS implemented a new procedure for ensuring that customer needs and preferences would be met in the implementation of the legislative mandate to purchase bison products for FDPIR. FNS solicited preliminary orders from program

operators prior to purchasing the bison products. Program operators were assigned an “entitlement” amount (i.e., each ITO’s percentage of total program participation as applied to the available funding), given the estimated cost per pound of each bison product offered, and asked to provide preliminary orders for the three products – frozen ground bison from Native American-produced stock, commercial frozen ground bison, and canned bison stew (the canned stew was offered as an alternative for ITOs that have limited or no freezer capacity). FNS continued this ordering procedure and these products in FY 2006 in its efforts to follow the mandate to purchase no less than \$3 million in bison products for FDPIR.

**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 Child Nutrition Programs.

Highlights of FY 2006 accomplishments supported by the NPA appropriation related to the Child Nutrition Programs include:

**Child Nutrition Reauthorization:** In FY 2006, FNS continued implementation of the Child Nutrition and WIC Reauthorization Act of 2004, including preparation and issuance of memoranda to State agencies on statutory provisions that were effective upon enactment or with early effective dates. The agency continued to publish rules to codify the provisions of the new law, and to provide guidance materials for States to support prompt and complete implementation. FNS conducted numerous training sessions and task force meetings to familiarize States with new provisions and identify and resolve implementation issues as they emerge. Accomplishments include:

- *Regulations* - Publication of Regulations in the Federal Register in FY 2006, including:  
 School Breakfast Program: Severe Need Assistance;  
 Marketing and Sale of Fluid Milk in Schools;  
 For-Profit Center Participation in the Child and Adult Care Food Program;  
 Child and Adult Care Program: Age Limits for Children Receiving Meals in Emergency Shelters;  
 State Administrative Expense Funds; and  
 Disregard of Overpayments in the Child and Adult Care Food Program, National School Lunch Program and School Breakfast Program.

Several other rules are in clearance, including rules on mandatory direct certification for children in food stamp households, verification and milk substitutions. In addition, a group was convened to discuss how to implement the latest *Dietary Guidelines for Americans* for the school meals programs.

**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 2006, Team Nutrition developed and distributed 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 or Silver *HealthierUS* Schools. Through 2006 more than 100 schools met the criteria for either the Gold or Silver criteria, and the initiative was recognized at the 2006 Secretary's Honor Award under the category of Improving the Nation's Nutrition and Health.

#### **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 2006 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 five WIC State agencies in FY 2006 to pursue innovative projects that revitalize quality nutrition services by focusing on the evaluation of nutrition education counseling methods used by staff in the WIC environment. The grants are anticipated to 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. WIC plans to fund the course in FY 2007.

**Focusing Nutrition Assessment and Education:** FNS continued work with the National WIC Association on the joint Value Enhanced Nutrition Assessment (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.

**Supporting WIC EBT:** In FY 2006, FNS granted about \$6.2 million to four WIC State agencies to develop and implement EBT systems and to learn more regarding the feasibility and affordability of EBT for WIC.

**Addressing Technology Needs:** In support of the WIC Five-Year Technology Plan to address State information system needs, FNS awarded approximately \$20.2 million in grants to three State agency consortia for the planning, design, development and implementation of model State information systems.

**Enhancing Program Management and Oversight:** In an effort to improve the management evaluation process, FNS completed revision of the State Technical Assistance Review (STAR) 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 worked with State agencies to certify their vendor cost containment systems and implement 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 non-Presidentially-declared disasters.

An additional range of management initiatives that improved operations in the CAP programs during FY 2006 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 Farm Service Agency (FSA), the Agricultural Marketing Service (AMS) and the Food Safety and Inspection Service (FSIS) – to dramatically 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). FNS participated in development of the Task Order Requirements and proposal evaluations. The WBSCM contract was awarded in early FY 2007.

- *State and Regional commodity program training and communication* - In FY 2006, two Food Distribution 101 training sessions were provided to 82 participants from 31 State agencies, 3 FNS regional offices, and other USDA partner agencies. Training was also provided during various Regional, State, association and industry-sponsored meetings. The training was very well received. 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 2006, 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 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:
  - Working closely with the Department on the development of the FNS component of the USDA Sector Specific Plan.
  - Collaborating with the USDA Homeland Security Office and the Federal Bureau of Investigation to participate in a vulnerability assessment of a school food service central kitchen operation in North Carolina. FNS and FSIS led the assessment, along with other Federal, State and local partners. Unclassified working papers were made available to all program operators and highlighted what was found in terms of indicators and warnings that could signify planning for an attack, security gaps that might make central kitchens vulnerable to attacks, and mitigation strategies to reduce the threat or prevent attacks.
  - Collaborating with FSIS to conduct a four-State pilot test of ground beef involving sampling at processing plants and State warehouses, and product testing at Food Emergency Response Network laboratories across the country.
  - Working with FSIS and the Food and Drug Administration in planning a monitoring and surveillance project (FDSA – Food Defense Surveillance Activity) built on a scenario covering a threat to a food product that is commercially available and commonly used in FNS programs.
  - Developing a food defense exercise for school food service operations to assist States in their development and testing of food defense and/or emergency preparedness plans.
  - Providing food defense training at regional office and State program cooperator meetings throughout the year.
- *Food safety issues - commodity food safety complaints* - The Electronic Commodity Ordering System (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. The ECOS complaint system contains data from two years. The ECOS data are analyzed on a weekly to monthly basis to detect patterns of occurrence. These data analyses serve as a basis for developing targeted food safety education messages and information, as well as justification for revisions to commodity specifications.
- *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 is an integral part of ECOS and 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. The RAS was used to conduct two recalls for canned chicken and hams. Ultimately, the two-way Web-based RAS will also allow local school food service authorities to communicate food safety problems or concerns to FNS, thereby serving as a potential sentinel source of information regarding the overall safety of the food supply. For the future,

the system will be expanded to include the first responders who, in the case of food-borne illness, are local and State public health departments. This plan allows these entities access to the flow of food safety information going to States and school food authorities so that the public health department is fully aware of any concerns in their locale and can respond more quickly to an emergency, thus saving lives.

## CROSS-PROGRAM 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 and 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 2006 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 MyPyramid, USDA's food guidance system. These messages are conveyed through multiple channels, including the use of the Power Panther™ spokes-character, who was embellished in FY 2006 to increase his appeal to the target audience. He participated in 287 events in FY 2006, reaching over 797,000 individuals. Power Panther's sidekick was also unveiled to help communicate healthy eating and physical activity behaviors for children and adults. Over 6.3 million pieces of nutrition education and promotional materials were requested and distributed in FY 2006 to program cooperators in all 50 States and all FNS nutrition assistance programs. The updated ESPH Web site averaged approximately 170,000 hits each month during the year.

The next phase of the campaign, now underway, advances the primary goal of motivating behavioral change by further segmenting the initial target group and creating new messages to refresh and reinforce the four major campaign themes. New training materials and nine lesson plans were completed and disseminated, along with a long-range plan to direct the campaign in the future. Two new Eat Smart. Play Hard.™ Web pages were launched: a Web page for children and one for parents and caregivers. These new resources will also assist the target audience in putting the new *Dietary Guidelines for Americans* and MyPyramid recommendations into action.

- *Coordination on Crosscutting Food, Nutrition, and Nutrition Education Policy* – FNS identified opportunities to coordinate on crosscutting issues and cross-program efforts to ensure consistent application of nutrition knowledge in agency policy, regulations, guidance and technical assistance. Examples include:
  - *National Nutrition Education Conference* - FNS initiated the planning process, including site

selection, for the 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 are planned to 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 FNS nutrition assistance programs and their partners through collaboration. Follow-up activities from the second conference that were completed in FY 2006 include the development of the 2005 conference proceedings and the development of an online system (NPASS) for the submission of conference abstracts, awards, and project profiles.

- *SNAP* - The State Nutrition Action Plans (SNAP) Web site was updated to provide State-specific SNAP information on goals, objectives, SNAP contacts, funding levels for nutrition education and participation levels for each FNS program within a State. Regional SNAP profiles were disseminated to respective Regions and SNAP performance measures were finalized.
- *Core Nutrition Messages* – FNS convened a workgroup 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.
- *Employee Wellness Initiative* – FNS developed and implemented 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.
- *Inter/Intra Agency Leadership and Representation* – FNS supports and coordinates committees chaired by the Under Secretary and service in leadership and liaison roles for a number of internal/external organizations.

## **FINANCIAL MANAGEMENT INITIATIVES**

### **Continue Electronic Benefits Transfer (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.

### Improve Program and Financial Integrity

FNS will continue efforts to encourage States to improve their management oversight and administration of the FSP in a manner that will reduce error rates. States continue to participate in the Treasury Offset Program to collect recipient claims. FNS will continue improvement of accountability for and collection of food stamp recipient claims through systems administered by State and local agencies under the direction of USDA. FNS will work to complete financial systems implementation to meet Departmental and Chief Financial Officer Act requirements.

In FY 2006, FNS implemented the Electronic Disqualified Recipient Subsystem (EDRS), a Web-based system for States to use to streamline the process of identifying individuals who either are or have previously been disqualified from participation in the FSP.

FNS issued interim/final integrity regulations governing the administration of the Child and Adult Care Food Program at the State and local levels. These regulations are one of a series of activities being carried out to improve program management and fiscal accountability. In FY 2004, FNS began a four-year effort to gather data from a total of 60 sponsoring organizations and hundreds of family day care homes to assess whether the changes made over the past several years have resulted in improvements in program integrity.

### Accounting and Financial Tracking Improvements

FNS continues to maintain its strong record of financial management oversight. FNS implemented updates to the Standard General Ledger (SGL) and Financial Statements mandated for FY 2005.

FNS developed and implemented file submissions for FACTS I and II to replace the manual data entry process.

### Debt Collection Activity in FY 2006

For Federally managed Federal debt, FNS continued its vigorous pursuit of debt owed the agency by billing \$80 million in new receivables during the fiscal year. Year-end outstanding debts for the FY increased from the previous year by \$24 million. The overall debt resolution rate achieved was about 86 percent.

Federally Managed Federal Debt Profile  
FY 2004 – FY 2006  
(\$ millions)

Debt Management Category	2004	2005	2006
Accounts Receivable	\$148	\$35	\$59
Collections	26	37	38
Litigation	104	2	2
Past due	145	31	17
Food Stamp Recipient Claims	185	179	179

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, Food Stamp State 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 2004 – FY 2006  
(\$ Millions)

Claims Activity <sup>1/</sup>	2004	2005	2006
Claims Established	\$183	\$192	\$208
Claims Collected	169	170	195
Ending Balance	1,119	1,107	1,149

<sup>1/</sup> Figures provided on the FNS-209 are preliminary and subject to change.

### Financial Management (FM) Reviews

The FM organization conducted six on-site financial reviews and assessments of regional offices during FY 2006 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 2006, FNS received an unqualified (“clean”) opinion on the FY 2005 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

FNS works to improve both internal and program-level business processes through re-engineering, new technologies and other opportunities for innovation that result from a changing environment. Key accomplishments in this area include:

#### Human Capital Management

In FY 2006, FNS continued to pursue the President’s Human Capital Initiative, focusing on areas of workforce planning, performance management, employee development, hiring timelines and diversity:

- During FY 2006, FNS updated its Strategic Human Capital Plan to reflect the update of the Department’s plan and also drafted the agency’s Work Force Plan.
- FNS provided agency-wide direction and guidance to align employees’ standards to planning process including measurable deliverables. By February 28, 2006, all FNS 2006 performance standards were aligned with strategic plan/corporate priorities including measurable deliverables. SES performance standards were in place for the entire fiscal year; all other employees’ performance standards were in place for the calendar year.
- FNS University (FNSU) – Nearly 1,000 training opportunities were available to FNS employees through one- and two-day learning labs offered in headquarters and all regional offices. The labs for 2006 were once again selected based upon the results of the agency’s Foundation of Continual Learning skill gap analysis. FNSU held the fourth annual Field Academy, during which nearly 20 percent of all FNS field employees attended learning labs. The new Supervisory Excellence Program was fully implemented in FY 2006; the program included (1) a 360-degree evaluation, completed by peers and employees, accomplished for one-third of all supervisors and managers, and (2) a mandatory 20 hours of supervisory training for all managers and supervisors. Finally, the FNSU Tuition Reimbursement

Program paid for 130 courses at an investment of approximately \$55,000. These courses improve employees' work-related knowledge, skills and abilities.

- **AgLearn** – FNS implemented the Department's new learning management system, called AgLearn. Mandatory all-employee training was conducted through AgLearn, including computer security training and Privacy Act training. Other FNSU course offerings also were offered through AgLearn.
- **Leadership Institute** – FNS' intensive 18-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. Selectees completed the Leadership Institute's extensive course work and project requirements in September 2006. The Class of 2006 graduated 17 emerging leaders.
- **Representation** – In 2006, FNS analyzed and distributed demographic profiles to senior managers with statistics regarding race, national origin, sex, and disability (RNOSD) in the permanent workforce. Also, FNS conducted a time-series analyses of RNOSD in grades 13 through SES, awards, and separations. Despite FNS' continued decline in the size of its permanent workforce, FNS has maintained or exceeded the comparative labor force representation for all minority groups except Hispanics. To address the under-representation of Hispanics, FNS signed a Memorandum of Understanding with the Congressional Hispanic Caucus Institute (CHCI) in August 2006 which allows CHCI policy fellows to complete nine-month internship assignments in an FNS policy area. FNS initiatives to reduce Hispanic under-representation were showcased as best practices in GAO Report 06-832, Factors Affecting Hispanic Representation, issued in September 2006.
- **Review of function** – In 2006, FNS initiated research into the feasibility of moving human resources operations to another Federal agency. The move will result in savings, improved efficiency, and improved customer service.

#### **Procurement Outreach to Small and Disadvantaged Business**

In FY 2006, FNS continued its long-standing emphasis on procurement from small and disadvantaged businesses. The agency met or exceeded all of its procurement goals for FY 2006, 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 participated in the USDA Small Business Awards' Ceremony by nominating three small business firms. Two firms were recognized as agency winners and one earned the overall Department award.

#### **Information Technology and Egovernment**

FNCS began the upgrade of its telecommunications network to the Universal Telecommunications Network (UTN), which improves network infrastructure by providing secure, faster and flexible capabilities with enhanced network support services. UTN greatly increases bandwidth, eliminating a need for a more costly solution.

### **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"> <li>• <i>Dietary Guidelines for Americans</i></li> <li>• MyPyramid Food Guidance System</li> <li>• Healthy Eating Index</li> </ul>
Monitoring of Food and Nutrient Intake	<ul style="list-style-type: none"> <li>• USDA Food Plans</li> <li>• Nutrient Content of the U.S. Food Supply</li> </ul>

#### 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 2008 to ensure timely completion.

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.

Meanwhile, evidence-based system technology has evolved further such that additional funds are sought in FY 2008 to acquire and operate the current more refined system and complete the Web-based Evidence Analysis Library in time for smooth implementation and use by the Dietary Guidelines Advisory Committee as well as by Federal scientists. 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. Funds are also needed to support the 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 continued during FY 2006. Visitors to MyPyramid.gov used a number of interactive tools: MyPyramid Tracker, MyPyramid Plan, Inside MyPyramid, MyPyramid for Kids, and

MiPirámide (the Spanish-language version of MyPyramid). As a result, MyPyramid.gov had over two billion hits, mostly from general consumers, students, and educators and teachers. There were 1.6 million registered users of MyPyramid Tracker, the assessment tool for dietary and physical activity status.

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 2007, USDA wants its strategies to result in a two-point increase (to 65.8 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 early 2007, the HEI report will be published, reflecting the application of the revised HEI in national consumption surveys indexing the quality of American diets.

#### **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 2006, CNPP continued to provide monthly cost updates of the food plans. For a family of four that included a couple and children ages two and three-five years, monthly costs for the TFP ranged from \$442.50 to \$452.50. For a family of four that included a couple and children ages six-eight and nine-eleven years, monthly costs for the TFP ranged from \$514.00 to \$528.10. During 2006-2007, CNPP will update the Low-Cost, Moderate-Cost and Liberal Food Plans.

**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 2006, CNPP prepared the report entitled *Nutrient Content of the U.S. Food Supply, 1909-2004*. The report shows that levels for most vitamins and minerals were higher in 2004, compared with 1909—when the food supply series began. For example, higher fortification (with folate and vitamin A) levels reflected increased availability of some products. Higher levels of vitamin E in the U.S. food supply reflected greater use of vegetable fats and oils (increases of polyunsaturated fatty acids), whereas, higher levels of calcium and phosphorus reflected increased use of lowfat milk, cheese, yogurt, and other dairy products. In 2007, the 1909-2004 food supply report will be disseminated via [www.cnpp.usda.gov](http://www.cnpp.usda.gov).

## FOOD AND NUTRITION SERVICE

### Summary of Budget and Performance Statement of Goals and Objectives

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 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
<b>USDA Goal 5:</b> 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"> <li>● Food Stamp Program</li> <li>● Child Nutrition Programs</li> <li>● Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</li> <li>● Commodity Assistance Program</li> <li>● Food Distribution Program in Indian Reservations</li> <li>● The Emergency Food Assistance Program</li> </ul>	<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"> <li>● Food Stamp Program</li> <li>● Child Nutrition Programs</li> <li>● Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</li> <li>● Center for Nutrition Policy and Promotion</li> </ul>	<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"> <li>● Food Stamp Program</li> <li>● Child Nutrition Programs</li> <li>● Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</li> </ul>	<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)

	FY 2006		FY 2007		Increase or Decrease	FY 2008	
	<u>Actual</u>	<u>SY</u>	<u>Estimated</u>	<u>SY</u>		<u>Budget</u>	<u>SY</u>
	<u>Amount</u>	<u>SY</u>	<u>Amount</u>	<u>SY</u>		<u>Amount</u>	<u>SY</u>
<b><u>Strategic Objective 5.1</u></b>							
Food Stamp Program	\$40,489,730,000		\$37,861,553,000		\$1,667,599,000	\$39,529,152,000	
Child Nutrition Programs	12,635,139,000		13,152,794,000		716,461,000	13,869,255,000	
WIC Program	4,785,337,200		4,736,050,000		251,891,000	4,987,941,000	
Commodity Assistance Programs	177,572,000		177,447,000		-107,077,000	70,370,000	
Nutrition Programs Administration	50,801,710		50,436,000		1,067,000	51,503,000	
<b>Total, Strategic Objective 5.1</b>	<b>58,138,579,910</b>		<b>55,978,280,000</b>		<b>2,529,941,000</b>	<b>58,508,221,000</b>	
<b><u>Strategic Objective 5.2</u></b>							
Food Stamp Program	182,507,000	7	260,603,000	7	5,595,000	266,198,000	7
Child Nutrition Programs	11,039,000	7	11,039,000	7	20,000	11,059,000	7
WIC Program	399,292,800		412,196,000		-13,540,000	398,656,000	
Nutrition Programs Administration	2,836,000	24	2,836,000	26	2,158,000	4,994,000	26
<b>Total, Strategic Objective 5.2</b>	<b>595,674,800</b>	<b>38</b>	<b>686,674,000</b>	<b>40</b>	<b>-5,767,000</b>	<b>680,907,000</b>	<b>40</b>
<b><u>Strategic Objective 5.3</u></b>							
Food Stamp Program	38,987,000	60	39,378,000	61	3,495,000	42,873,000	91
Child Nutrition Programs	14,580,000	126	14,580,000	130	2,378,000	16,958,000	139
WIC Program	19,800,000		19,800,000		-19,800,000	0	
Nutrition Programs Administration	89,197,290	1,170	88,556,000	1,115	3,873,000	92,429,000	1,115
<b>Total, Strategic Objective 5.3</b>	<b>162,564,290</b>	<b>1,356</b>	<b>162,314,000</b>	<b>1,306</b>	<b>-10,054,000</b>	<b>152,260,000</b>	<b>1,345</b>
<b>Total, Appropriation</b>	<b>58,896,819,000</b>	<b>1,394</b>	<b>56,827,268,000</b>	<b>1,346</b>	<b>2,514,120,000</b>	<b>59,341,388,000</b>	<b>1,385</b>

**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 2008 Proposed Resource Level:**

- The Food Stamp Program will serve an average of 26.2 million persons per month and reach 64.5 percent of the target population.
- The National School Lunch Program will serve an average of 31.5 million persons per school day and will reach 57.1 percent of children enrolled in school.
- The WIC Program will serve a monthly average of 8.3 million women, infants, and children.

**Strategic Objective 5.2: Promote Healthier Eating Habits and Lifestyles**

**Selected Accomplishments Expected at the FY 2008 Proposed Resource Level:**

- USDA will seek to improve Healthy Eating Index scores for people in households with incomes under 130 percent of poverty to 66 points.
- USDA will seek to improve Healthy Eating Index scores for the U.S. population to 65.4 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 2008 Proposed Resource Level:**

- The Food Stamp payment accuracy rate will be improved to 94.3 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					
	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Target	2008 Target
5.1.1 Rates of eligible populations participating in the major Federal nutrition assistance programs.						
• The Food Stamp Program.	55.6%	60.5%	*59.1%	*60.9%	62.7%	64.5%
• The National School Lunch Program	N/A	N/A	54%	54.6%	56.1%	57.1%
• Participation in the major Federal nutrition assistance program.						
Average monthly FSP(millions)	21.3	23.9	25.7	26.7	26.3	26.2
Average daily NSLP (millions)	28.4	29.0	29.6	30.0	31.0	31.5
Average monthly WIC(millions)	7.6	7.9	8.0	8.1	8.2	8.3

\*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 Food Stamp Program (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 2007, 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					
	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Target	2008 Target
5.2.1 Improve the Healthy Eating Index (HEI) scores for people in households with incomes under 130% of poverty.	N/A <sup>†</sup>	N/A	N/A	65.0	65.5	66.0
Dollars (\$ millions)						
5.2.2 Healthy Eating Index (HEI) scores of the U.S. Population	N/A <sup>†</sup>	N/A	N/A	65.0	65.2	65.4
5.3.3 Pieces of nutrition guidance distributed	N/A	N/A	N/A	1.5 billion	2.0 billion	2.5 billion

<sup>†</sup>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 Healthy Eating Index (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					
	2003 Actual	2004 Actual	2005 Actual	2006 Target	2007 Target	2008 Target
5.3.1 Increase the Food Stamp accuracy rate.	93.4%	94.1%	94.2%	93.8%	94.2%	94.3%

**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. Ongoing activities include completing a nationally representative study of improper payments in the National School Lunch and School Breakfast Programs; 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 Goal**  
**Goal 5: Improve the Nation's Nutrition and Health**  
*Program Level (Dollars in Thousands) 1/*

PROGRAM / ACTIVITY	FY 2006	FY 2007	FY 2008
<b>Food Stamp Program Account</b>			
Food Stamp Program	\$32,984,909	\$33,406,661	\$35,017,404
Nutrition Assistance for Puerto Rico (NAP)	1,517,752	1,551,167	1,614,765
Food Distribution Program on Indian Reservation (FDPIR)	78,760	77,557	79,650
The Emergency Food Assistance Program (TEFAP) Commodities	139,832	140,000	140,000
Program Access/ Community Food Project/ Am. Samoa/CNMI	24,026	25,649	25,904
Nutrition Programs Administration (Allocation to this program)	72,013	72,043	76,900
Other Program Costs 2/	895	895	895
<b>Total Cost</b>	<b>\$34,818,187</b>	<b>\$35,273,972</b>	<b>\$36,955,518</b>
<b>FTEs</b>	<b>683</b>	<b>656</b>	<b>686</b>
<b>Unit Costs</b>			
Food Stamp Program (Total Annual Cost per Participant) 3/	\$1,236.28	\$1,271.12	\$1,337.03
FDPIR (Total Annual Cost per Participant) 4/	\$887.65	\$866.20	\$859.36
<b>Performance Measure:</b> Average monthly FSP participation (millions)	26.736	26.335	26.245
<b>Child Nutrition Program</b>			
Child Nutrition Programs			
School Lunch Program	\$7,569,757	\$7,855,066	\$8,180,933
School Breakfast Program	2,086,098	2,241,210	2,389,988
Child and Adult Care Food Program	2,141,088	2,172,460	2,288,838
Summer Food Service Program	284,224	293,739	310,634
Special Milk Program	15,155	14,133	14,618
State Administrative Expense	156,061	163,792	175,636
Total, Cash Grants to States	12,252,383	12,740,400	13,360,647
Commodities (Sec 6e Entitlement)	480,684	475,622	508,608
Child Nutrition Program Discretionary Activities	25,619	25,619	28,017
Nutrition Programs Administration (Allocation to this program)	30,215	30,228	31,427
Other Program Costs 5/	560,965	675,965	675,965
<b>Total Cost</b>	<b>\$13,349,866</b>	<b>\$13,947,834</b>	<b>\$14,604,664</b>
<b>FTEs</b>	<b>392</b>	<b>384</b>	<b>393</b>
<b>Unit Costs</b>			
Child Nutrition Total Cost per Meal Served (\$/service unit) 6/	\$1.50	\$1.54	\$1.57
<b>Performance Measure:</b> Avg. daily NSLP participation (millions)	30.0	31.0	31.5
<b>Performance Measure:</b> Avg. daily SBP participation (millions)	9.8	10.4	10.9

PROGRAM / ACTIVITY	FY 2006	FY 2007	FY 2008
<b>Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</b>			
Cash Grants to States: Food & NSA (inclusive of projected carryout)	\$5,312,316	\$5,414,624	\$5,464,857
Infrastructure Grants	12,194	13,464	13,464
Technical Assistance	395	396	396
State Management Information Systems	19,800	19,800	0
Breastfeeding Peer Counselors	18,122	14,850	14,850
Nutrition Programs Administration (Allocation to this program)	28,709	28,721	29,860
Other Program Costs	0	0	0
<b>Total Cost</b>	<b>\$5,391,536</b>	<b>\$5,491,855</b>	<b>\$5,523,427</b>
<b>FTEs</b>	<b>246</b>	<b>235</b>	<b>235</b>
<b>Unit Costs</b>			
WIC (Total Annual Cost per Participant) <sup>7/</sup>	\$666.86	\$672.12	\$667.08
<b>Performance Measure: Average monthly WIC participation (millions)</b>	<b>8.085</b>	<b>8.171</b>	<b>8.280</b>
<b>Commodity Assistance Program Account</b>			
Commodity Supplemental Food Program (CSFP) <sup>8/</sup>	\$112,445	\$107,690	0
The Emergency Food Assistance Program (TEFAP) Administrative Cost	55,655	49,500	\$49,500
Farmers' Market Programs			
Farmers' Market Nutrition Program	23,814	23,800	22,800
Seniors' Farmers' Market Program	15,844	16,000	16,000
Commodity Assistance (Nuc. Affected Isld, Disaster Asst., NSIP Comm.)	3,882	3,453	1,070
Nutrition Programs Administration (Allocation to this program)	5,523	5,525	5,745
Other Program Costs <sup>9/</sup>	103,412	103,412	103,412
<b>Total Cost</b>	<b>\$320,575</b>	<b>\$309,380</b>	<b>\$198,527</b>
<b>FTEs</b>	<b>47</b>	<b>45</b>	<b>45</b>
<b>Unit Costs</b>			
CSFP (Total Annual Cost per Participant) <sup>10/</sup>	\$361.64	\$341.94	\$0.00
<b>Performance Measure: Average monthly CSFP participation (thousands)</b>	<b>463.124</b>	<b>475.902</b>	<b>0.000</b>
<b>Nutrition Programs Administration Account (Center for Nutrition Policy and Promotion)</b>			
Center for Nutrition Policy and Promotion	\$2,836	\$2,836	\$4,994
Nutrition Programs Administration (Allocation to this program)	NA	NA	NA
Other Program Costs	0	0	0
<b>Total Cost</b>	<b>\$2,836</b>	<b>\$2,836</b>	<b>\$4,994</b>
<b>FTEs</b>	<b>26</b>	<b>26</b>	<b>26</b>
<b>Performance Measure: Pieces of nutrition guidance distributed</b>	<b>1.5 billion</b>	<b>2.0 billion</b>	<b>2.5 billion</b>
<b>Total for Strategic Goal 5</b>			
<b>Total Cost (Program, NPA, and Other Program Costs)</b>	<b>\$53,883,000</b>	<b>\$55,025,877</b>	<b>\$57,287,130</b>
<b>FTEs (excludes FTEs associated with CN Permanent Approp.)</b>	<b>1,394</b>	<b>1,346</b>	<b>1,385</b>

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**Notes**

1/ Reflects FY 2006 recissions as appropriate.

*Food Stamp Program Account*

2/ Includes FDPIR bonus commodities.

3/ Food Stamp Program Average Monthly Participation Assumptions: FY 2006: 26.736 million; FY 2007: 26.335 million; FY 2008: 26.245 million. FY 2006 annual per participant cost reflects the impact of the program's response to Hurricanes Katrina, Rita and Wilma.

4/ FDPIR Average Monthly Participation Assumptions: FY 2006: 89,920; FY 2007: 90,753; FY 2008: 93,920.

FY 2006 annual per participant cost is higher than usual because of Federal commodity obligations likely to be deobligated at close out.

FY 2007 annual per participant cost is lower as a result of phased introduction of the program in Alaska.

*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 2006: 8.085 million; FY 2007: 8.171 million; FY 2008: 8.280 million.

*Commodity Assistance Program Account*

8/ Assumed CSFP is ended in FY 2008 as requested by FY 2008 President's Budget.

9/ Includes bonus commodities for TEFAP, CSFP, Disaster, Summer Camps, Prisons, Nuclear Affected Island, and other commodity assistance.

10/ CSFP average monthly participation assumptions: FY 2006: 463,124; FY 2007: 475,902; FY 2008: 0.