

Statement of A. J. Yates
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Agricultural Marketing Service
U.S. Department of Agriculture
before the
House Committee on Education and the Workforce
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Mr. Chairman and Members of the Committee, thank you for the invitation to appear before you today to discuss the role of the Agricultural Marketing Service (AMS) in the National School Lunch Program. I am A. J. Yates, Administrator of AMS, and I am pleased to be here with Under Secretary Bost.

In 1946, Congress passed the National School Lunch Act, providing a healthy lunch to millions of schoolchildren. Over 55 years later, the program continues to help improve the health of children, especially those at nutritional risk.

While USDA's Food and Nutrition Service (FNS) administers the National School Lunch Program (NSLP), AMS is responsible for purchasing many of the commodities for this and other domestic food assistance programs. We support the NSLP by providing nutritious, high quality food to schoolchildren through our purchases of red meat, fish, poultry, egg, fruit, and vegetable products. USDA's Farm Services Agency (FSA) purchases flours, grains, peanut products, dairy products, oils, and shortenings. All of these purchases help to stabilize prices in agricultural markets by balancing supply and demand, thus helping domestic farmers and ranchers. Let me briefly describe the purchase process and AMS' roll in it.

The process begins long before AMS announces that it plans to purchase particular food items. AMS specialists knowledgeable in food processing work with potential venders, FNS, and food safety officials to develop a specification for each item that will be purchased. Many of these items are similar to popular commercial items. Other items are developed specifically to meet the special nutritional needs of our recipients. The specification provides details on product formulations; manufacturing, packaging, sampling, and testing requirements; and quality assurance provisions. By coordinating the development of specifications with specialists from all aspects of food processing, AMS ensures the purchase of high-quality, wholesome, appealing products that meet recipients' needs and Federal standards for nutrition.

Prior to conducting any purchase, AMS economists assess market conditions and determine the availability for commodities the Agency is considering buying. During this time AMS also works closely with FNS to determine recipient preferences. Orders are taken by FNS and provided to AMS so that purchases can be made. Although weekly meal patterns must meet Federal standards, local school authorities make the decisions

about what specific foods to serve and how they are prepared. Moreover, USDA commodities comprise less than 20 percent of the food products put on schoolchildren's plates.

AMS and FSA are responsible for issuing and accepting bids and awarding and administering contracts. FNS is responsible for taking commodity orders from States, monitoring purchases and entitlements throughout the year, and the overall administration of the commodity nutrition programs.

Actual purchasing begins with AMS and FSA notifying specific industries through press releases and other means of their intent to purchase particular food products. The agencies invite bids under a formally advertised competitive bid program. These "invitations" give specific details on when bids are due for a particular purchase. All products must be U.S.-produced and of domestic origin.

Under Federal Acquisition Regulations, vendors must be deemed "responsible" prior to participating in the program. For instance, they must have a satisfactory performance record and adequate financial resources to demonstrate their ability to produce and deliver the product within designated timeframes. It is essential that USDA purchased food products arrive on time as recipients depend on it.

Bids are received from responsible vendors, analyzed, and contracts are awarded by AMS and FSA. Contracts are then administered by the agencies to make sure that terms and conditions are followed.

All products purchased by USDA are produced in compliance with applicable Federal food safety laws and regulations. Red meat, poultry, and egg products must be processed under USDA's Food Safety and Inspection Service (FSIS) regulations, and all fruit, vegetable, and fish products are subject to Food and Drug Administration (FDA) regulation. FSIS and FDA assure that such products are wholesome and that processing plants operate under sanitary conditions.

In addition to FSIS inspection, AMS inspectors are present during production and shipping of all red meat and poultry items to ensure compliance with all specification requirements - including those for raw materials, processing, packaging, and testing. Plants supplying processed fruit and vegetable products undergo a survey by AMS inspectors to assure compliance with FDA requirements, including that Agency's Good Manufacturing Practices. Additionally, fish products are produced in facilities operating under the National Marine Fisheries Service voluntary seafood inspection program. For certain types of products, such as ground beef, egg products, and fruit juices, additional product handling and testing protocols are required.

AMS also works with FSIS to distribute educational materials for food service professionals about proper handling and cooking techniques. These materials, available in both Spanish and English, are designed to assist food service professionals in every school participating in the NSLP.

As you know, in 1998, USDA policy officials met with representatives of the American School Food Service Association and the American Commodity Distribution Association with the aim of improving the commodity procurement and distribution process. AMS played a key role in developing and implementing the initiatives contained in the "Food Distribution 2000 - USDA's Reinvention Plan for Change" report. Some of the key initiatives contained in this report that AMS has implemented include:

Expanded use of long-term contracts with proven suppliers;

Expanded use of best-value contracting;

Revised product specifications to align them with commercially available products;

Purchase of commercially labeled products;

Use of commercial and commodity products interchangeably by further processors in the manufacture of fruit and vegetable products and, on a more limited basis, poultry products;

Implemented formal commodity product hold and recall procedures for use by State and local authorities; and

Relaxed truckload delivery requirements allowing multiple stops within a State or city.

Mr. Chairman, AMS is proud of the role it plays in providing food products to this Nation's schoolchildren. We are proud of the relationships we have built with other Federal agencies, State agencies, and the school food community to carry out this most important responsibility. We look forward to working with you any way we can as the Child Nutrition Act and Richard B. Russell National School Lunch Act reauthorization process continues.

This concludes my statement, Mr. Chairman. I would be pleased to respond to questions from the Committee.