



United States Department of Agriculture
Food and Nutrition Service

Southeast Region

Reply to

Attn. of: SA 9-1

December 28, 1998

Subject: Policy 210.09-04: Policy Interpretation Regarding Use and Sale of Commodities

To: All State NSLP Directors
Southeast Region

This information was first issued as Policy Memorandum 97-27, dated September 23, 1997.

In response to requests for clarification from a number of State agencies, we are revising the policy on the use and sale of commodities by School Food Authorities (SFAs). Since many schools share preparation facilities with other entities, or perform catering operations, questions have risen about the legitimate use of the Department of Agriculture (USDA) commodities.

The newly clarified policy allows the SFAs to utilize commodities in the preparation and sale of foods for any school related functions where the primary beneficiaries of the food are the students themselves. Funds derived from the sale of these commodities must accrue to the nonprofit school food service account to be used solely to replace the commodities or to operate or improve the nonprofit school food service operation. The issue at hand is not whether the foods containing commodities are being sold at a profit to be returned to the SFA. Rather, it is whether the commodity products are being put to the use for which they are intended, and being consumed by the people for whom they are intended.

Examples of acceptable use of commodities are:

- Repackaging and selling commodity peanuts in the a la carte sales line;
- Serving commodity beef patties at a football banquet. The cost of all meals would be covered from sources other than the nonprofit food service account. The meal cost must at least be equal to or greater than the value of the commodities contained in the meal. The USDA value of the commodities must accrue to the nonprofit school food service account.
- Using donated product in baking items that are sold in the teachers lounge as long as they are also sold/served to students.

Examples of unacceptable use are:

- Catering operations for schools not participating in the National School Lunch Program;
- Catering for child care centers not participating in Child and Adult Care Food Program.

- Commodity beef patties served at a football banquet where the market value of the commodity food is not returned to the nonprofit school food service account.
- Donated product used in baking items that are given/sold exclusively to faculty, PTA or the public.

USDA continues to prohibit donated foods from being used in any non-student related events such as catering banquets for the Chamber of Commerce, partisan political functions, or supplying refreshments for the Parent's Teacher's Association (PTA), etc. We further prohibit SFAs from increasing their orders for USDA commodities for the purpose of supporting school related functions other than National School Lunch Program (NSLP), School Breakfast Program (SBP), etc.

We recognize that monitoring the incorporation of commodity foods with other food in a kitchen is difficult, especially where catering operations are ongoing. However, SFAs must ensure that donated foods are used to benefit the intended recipients, the students participating in the NSLP, SBP, etc.

Should you have any questions concerning this policy clarification, please contact our office.

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