Public Law 100–237
100th Congress

An Act

To improve the distribution procedures for agricultural commodities and their products donated for the purposes of assistance through the Department of Agriculture, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Commodity Distribution Reform Act and WIC Amendments of 1987".

SEC. 2. STATEMENT OF PURPOSE; SENSE OF CONGRESS.

(a) STATEMENT OF PURPOSE.—It is the purpose of this Act to improve the manner in which agricultural commodities acquired by the Department of Agriculture are distributed to recipient agencies, the quality of the commodities that are distributed, and the degree to which such distribution responds to the needs of the recipient agencies.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the distribution of commodities and products—

(1) should be improved as an effective means of removing agricultural surpluses from the market and providing nutritious high-quality foods to recipient agencies;

(2) is inextricably linked to the agricultural support and surplus removal programs; and

(3) is an important mission of the Secretary of Agriculture.

SEC. 3. COMMODITY DISTRIBUTION PROGRAM REFORMS.

(a) COMMODITIES SPECIFICATIONS.—

(1) DEVELOPMENT.—In developing specifications for commodities acquired through price support, surplus removal, and direct purchase programs of the Department of Agriculture that are donated for use for programs or institutions described in paragraph (2), the Secretary shall—

(A) consult with the advisory council established under paragraph (3);

(B) consider both the results of the information received from recipient agencies under subsection (f)(2) and the results of an ongoing field testing program under subsection (g) in determining which commodities and products, and in which form the commodities and products, should be provided to recipient agencies; and

(C) give significant weight to the recommendations of the advisory council established under paragraph (3) in ensuring that commodities and products are—

(i) of the quality, size, and form most usable by recipient agencies; and

(ii) to the maximum extent practicable, consistent with the Dietary Guidelines for Americans published

Jan. 8, 1988

[H.R. 1340]
by the Secretary of Agriculture and the Secretary of Health and Human Services.

(2) **APPLICABILITY.**—Paragraph (1) shall apply to—

(A) the commodity distribution and commodity supplemental food programs established under sections 4(a) and 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note);

(B) the program established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b));

(C) the school lunch, commodity distribution, and child care food programs established under sections 6, 14, and 17 of the National School Lunch Act (42 U.S.C. 1755, 1762a, and 1766);

(D) the school breakfast program established under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773);

(E) the donation of surplus commodities to provide nutrition services under section 311 of the Older Americans Act of 1965 (42 U.S.C. 3030a); and

(F) to the extent practicable—

(i) the temporary emergency food assistance program established under the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note); and

(ii) programs under which food is donated to charitable institutions.

(3) **ADVISORY COUNCIL.**—(A) The Secretary shall establish an advisory council on the distribution of donated commodities to recipient agencies. The Secretary shall appoint not less than nine and not more than 15 members to the council, including—

(i) representatives of recipient agencies;

(ii) representatives of food processors and food distributors;

(iii) representatives of agricultural organizations;

(iv) representatives of State distribution agency directors; and

(v) representatives of State advisory committees.

(B) The council shall meet not less than semiannually with appropriate officials of the Department of Agriculture and shall provide guidance to the Secretary on regulations and policy development with respect to specifications for commodities.

(C) Members of the council shall serve without compensation but shall receive reimbursement for necessary travel and subsistence expenses incurred by them in the performance of the duties of the committee.

(D) The council shall report annually to the Secretary of Agriculture, the Committee on Education and Labor and the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(E) The council shall expire on September 30, 1992.

(b) **DUTIES OF SECRETARY WITH RESPECT TO PROVISION OF COMMODITIES.**—With respect to the provision of commodities to recipient agencies, the Secretary shall—

(1) before the end of the 270-day period beginning on the date of the enactment of this Act—

(A) implement a system to provide recipient agencies with options with respect to package sizes and forms of such commodities, based on information received from such
agencies under subsection (f)(2), taking into account the
duty of the Secretary—

(i) to remove surplus stocks of agricultural commod-
ities through the Commodity Credit Corporation;

(ii) to purchase surplus agriculture commodities
through section 32 of the Agricultural Adjustment Act
(7 U.S.C. 601 et seq.); and

(iii) to make direct purchases of agricultural
commodities and other foods for distribution to recipi-
ent agencies under—

(I) the commodity distribution and commodity
supplemental food programs established under sec-
tions 4(a) and 5 of the Agriculture and Consumer
Protection Act of 1973 (7 U.S.C. 612c note);

(II) the program established under section 4(b) of
the Food Stamp Act of 1977 (7 U.S.C. 2013(b));

(III) the school lunch, commodity distribution,
and child care food programs established under
sections 6, 14, and 17 of the National School Lunch
Act (42 U.S.C. 1755, 1762a, and 1766);

(IV) the school breakfast program established
under section 4 of the Child Nutrition Act of 1966
(42 U.S.C. 1773); and

(V) the donation of surplus commodities to pro-
vide nutrition services under section 311 of the
Older Americans Act of 1965 (42 U.S.C. 3030a); and

(B) implement procedures to monitor the manner in
which State distribution agencies carry out their respon-
sibilities;

(2) provide technical assistance to recipient agencies on the
use of such commodities, including handling, storage, and menu
planning and shall distribute to all recipient agencies suggested
recipes for the use of donated commodities and products (the
recipe cards shall be distributed as soon as practicable after the
date of enactment of this Act and updated on a regular basis
taking into consideration the Dietary Guidelines for Americans
published by the Secretary of Agriculture and the Secretary of
Health and Human Services, as in effect at the time of the
update of the recipe files);

(3) before the end of the 120-day period beginning on the date
of the enactment of this Act, implement a system under which the
Secretary shall—

(A) make available to State agencies summaries of the
specifications with respect to such commodities and prod-
ucts; and

(B) require State agencies to make such summaries avail-
able to recipient agencies on request;

(4) implement a system for the dissemination to recipient
agencies and to State distribution agencies—

(A) not less than 60 days before each distribution of
commodities by the Secretary is scheduled to begin, of
information relating to the types and quantities of such
commodities that are to be distributed; or

(B) in the case of emergency purchases and purchases of
perishable fruits and vegetables, of as much advance
notification as is consistent with the need to ensure that
high-quality commodities are distributed;
(5) before the expiration of the 90-day period beginning on the date of the enactment of this Act, establish procedures for the replacement of commodities received by recipient agencies that are stale, spoiled, out of condition, or not in compliance with the specifications developed under subsection (a)(1), including a requirement that the appropriate State distribution agency be notified promptly of the receipt of commodities that are stale, spoiled, out of condition, or not in compliance with the specifications developed under subsection (a)(1);

(6) monitor the condition of commodities designated for donation to recipient agencies that are being stored by or for the Secretary to ensure that high quality is maintained;

(7) establish a value for donated commodities and products to be used by State agencies in the allocation or charging of commodities against entitlements; and

(8) require that each State distribution agency shall receive donated commodities not more than 90 days after such commodities are ordered by such agency, unless such agency specifies a longer delivery period.

(c) QUALIFICATIONS FOR PURCHASE OF COMMODITIES.—

(1) OFFERS FOR EQUAL OR LESS POUNDAGE.—Subject to compliance by the Secretary with surplus removal responsibilities under other provisions of law, the Secretary may not refuse any offer in response to an invitation to bid with respect to a contract for the purchase of entitlement commodities (provided in standard order sizes) solely on the basis that such offer provides less than the total amount of poundage for a destination specified in such invitation.

(2) OTHER QUALIFICATIONS.—The Secretary may not enter into a contract for the purchase of entitlement commodities unless the Secretary considers the previous history and current patterns of the bidding party with respect to compliance with applicable meat inspection laws and with other appropriate standards relating to the wholesomeness of food for human consumption.

(d) DUTIES OF STATE DISTRIBUTION AGENCIES.—Before the expiration of the 270-day period beginning on the date of the enactment of this Act, the Secretary shall by regulation require each State distribution agency to—

(1) evaluate its warehousing and distribution systems for donated commodities;

(2) implement the most cost-effective and efficient system for providing warehousing and distribution services to recipient agencies;

(3) use commercial facilities for providing warehousing and distribution services to recipient agencies unless the State applies to the Secretary for approval to use other facilities, showing that other facilities are more cost effective and efficient;

(4) consider the preparation and storage capabilities of recipient agencies when ordering donated commodities, including capabilities of such agencies to handle commodity product forms, quality, packaging, and quantities; and

(5) in the case of any such agency that enters into a contract with respect to processing of agricultural commodities and their products for recipient agencies—
(A) test the product of such processing with the recipient agencies before entering into a contract for such processing; and
(B) develop a system for monitoring product acceptability.

(e) REGULATIONS.—
(1) IN GENERAL.—The Secretary shall provide by regulation for—
(A) whenever fees are charged to local recipient agencies, the establishment of mandatory criteria for such fees based on national standards and industry charges (taking into account regional differences in such charges) to be used by State distribution agencies for storage and deliveries of commodities;
(B) minimum performance standards to be followed by State agencies responsible for intrastate distribution of donated commodities and products;
(C) procedures for allocating donated commodities among the States; and
(D) delivery schedules for the distribution of commodities and products that are consistent with the needs of eligible recipient agencies, taking into account the duty of the Secretary—
(i) to remove surplus stocks of agricultural commodities through the Commodity Credit Corporation;
(ii) to purchase surplus agricultural commodities through section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c); and
(iii) to make direct purchases of agricultural commodities and other foods for distribution to recipient agencies under—
(I) the commodity distribution and commodity supplemental food programs established under sections 4(a) and 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note);
(II) the program established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)); and
(III) the school lunch, commodity distribution, and child care food programs established under sections 6, 14, and 17 of the National School Lunch Act (42 U.S.C. 1755, 1762a, and 1766);
(IV) the school breakfast program established under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773); and
(V) the donation of surplus commodities to provide nutrition services under section 311 of the Older Americans Act of 1965 (42 U.S.C. 3030a).
(2) TIME FOR PROMULGATION OF REGULATIONS.—The Secretary shall promulgate—
(A) regulations as required by paragraph (1)(D) before the end of the 90-day period beginning on the date of enactment of this Act; and
(B) regulations as required by subparagraphs (A), (B), and (C) of paragraph (1) before the end of the 270-day period beginning on such date.

(f) REVIEW OF PROVISION OF COMMODITIES.—
(1) IN GENERAL.—Before the expiration of the 270-day period beginning on the date of the enactment of this Act, the Secretary shall establish procedures to provide for systematic review of the costs and benefits of providing commodities of the kind and quantity that are suitable to the needs of recipient agencies.

(2) INFORMATION FROM RECIPIENT AGENCIES.—Before the expiration of the 120-day period beginning on the date of the enactment of this Act, the Secretary shall establish procedures to ensure that information is received from recipient agencies at least semiannually with respect to the types and forms of commodities that are most useful to persons participating in programs operated by recipient agencies.

(g) TESTING FOR ACCEPTABILITY.—The Secretary shall establish an ongoing field testing program for present and anticipated commodity and product purchases to test product acceptability with program participants. Test results shall be taken into consideration in deciding which commodities and products, and in what form the commodities and products, should be provided to recipient agencies.

(h) BUY AMERICAN PROVISION.—

(1) IN GENERAL.—The Secretary shall require that recipient agencies purchase, whenever possible, only food products that are produced in the United States.

(2) WAIVER.—The Secretary may waive the requirement established in paragraph (1)—

(A) in the case of recipient agencies that have unusual or ethnic preferences in food products; or

(B) for such other circumstances as the Secretary considers appropriate.

(3) EXCEPTION.—The requirement established in paragraph (1) shall not apply to recipient agencies in Alaska, Hawaii, Guam, American Samoa, Puerto Rico, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands.

(i) UNIFORM INTERPRETATION.—The Secretary shall take such actions as are necessary to ensure that regional offices of the Department of Agriculture interpret uniformly across the United States policies and regulations issued to implement this section.

(j) PER MEAL VALUE OF DONATED FOODS.—Section 6(e) of the National School Lunch Act (42 U.S.C. 1755(e)) is amended by—

(1) inserting “(D” after the subsection designation; and

(2) adding at the end the following new paragraph:

“(2) Each State agency shall offer to each school food authority under its jurisdiction that participates in the school lunch program and receives commodities, agricultural commodities and their products, the per meal value of which is not less than the national average value of donated foods established under paragraph (1). Each such offer shall include the full range of such commodities and products that are available from the Secretary to the extent that quantities requested are sufficient to allow efficient delivery to and within the State.”.

(k) REPORT.—Not later than January 1, 1989, the Secretary shall submit to the Committee on Education and Labor and the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the implementation and operation of this section.
SEC. 4. FOOD BANK DEMONSTRATION PROJECT.

(a) **Demonstration Project.**—The Secretary shall carry out no less than one demonstration project to provide and redistribute agricultural commodities and food products thereof as authorized under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c), to needy individuals and families through community food banks. The Secretary may use a State agency or any other food distribution system for such provision or redistribution of section 32 agricultural commodities and food products through community food banks under a demonstration project.

(b) **Recordkeeping and Monitoring.**—Each food bank participating in the demonstration projects under this section shall establish a recordkeeping system and internal procedures to monitor the use of agricultural commodities and food products provided under this section. The Secretary shall develop standards by which the feasibility and effectiveness of the projects shall be measured, and shall conduct an ongoing review of the effectiveness of the projects.

(c) **Determination of Quantities, Varieties, and Types of Commodities.**—The Secretary shall determine the quantities, varieties, and types of agricultural commodities and food products to be made available under this section.

(d) **Effective Period.**—This section shall be effective for the period beginning on the date of enactment of this Act and ending on December 31, 1990.

(e) **Progress Reports.**—The Secretary shall submit annual progress reports to Congress beginning on July 1, 1988, and a final report on July 1, 1990, regarding each demonstration project carried out under this section. Such reports shall include analyses and evaluations of the provision and redistribution of agricultural commodities and food products under the demonstration projects. In addition, the Secretary shall include in the final report any recommendations regarding improvements in the provision and redistribution of agricultural commodities and food products to community food banks and the feasibility of expanding such method of provisions and redistribution of agricultural commodities and food products to other community food banks.

SEC. 5. EXTENSION OF ELIGIBILITY OF CERTAIN SCHOOL DISTRICTS TO RECEIVE CASH OR COMMODITY LETTERS OF CREDIT ASSISTANCE FOR SCHOOL LUNCH PROGRAMS.

Section 18 of the National School Lunch Act (42 U.S.C. 1769) is amended by adding at the end the following new subsection:

"(e)(1) Upon request to the Secretary, any school district that on January 1, 1987, was receiving all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program shall receive all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program for the duration beginning July 1, 1987, and ending December 31, 1990.

"(2) Any school district that elects under paragraph (1) to receive all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program shall receive bonus commodities in the same manner as if such school district was receiving all entitlement commodities for its school lunch program."

State and local governments. Disadvantaged persons. 7 USC 612c note.
SEC. 6. EXTENSION OF NATIONAL DONATED COMMODITY PROCESSING PROGRAMS.


SEC. 7. ASSESSMENT AND REPORT TO CONGRESS.

(a) Assessment.—The Comptroller General of the United States shall monitor and assess the implementation by the Secretary of the provisions of this Act.

(b) Report.—Before the expiration of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit to the Committee on Education and Labor and the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report of the findings of the assessment conducted as required by subsection (a).

SEC. 8. FUNDS FOR NUTRITION SERVICES AND ADMINISTRATION.

(a) In General.—Section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) is amended by adding at the end thereof the following new paragraph:

“(5)(A) In addition to the amounts otherwise made available under paragraphs (1) and (2), each State agency may convert funds initially allocated to the State agency for program food purchases to nutrition services and administration funds for the cost of the State agency and local agencies associated with increases in the number of persons served, if the State agency has implemented a competitive bidding, rebate, direct distribution, or home delivery system as described in its approved Plan of Operation and Administration.

“(B) The Secretary shall—

“(i) project each such State agency’s level of participation for the fiscal year, excluding anticipated increases due to use during the fiscal year of any of the cost-saving strategies identified in subparagraph (A) of this paragraph; and

“(ii) compute, with an adjustment for the anticipated effects of inflation, each such State agency’s average administrative grant per participant for the preceding fiscal year.

“(C) Each such State agency may convert funds at a rate equal to the amount established by the Secretary under subparagraph (B)(ii) of this paragraph for each food package distributed to each additional participant above the participation level projected by the Secretary under subparagraph (B)(i) of this paragraph, up to the level of increased participation estimated in its approved Plan of Operation and Administration.”.

(b) State Plan or Plan Amendment.—Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) is amended by, in paragraph (1)(C)—

(1) striking out “and” at the end of clause (vii);
(2) redesignating clause (viii) as clause (ix); and
(3) adding the following new clause:

“(vii) if the State agency chooses to request the funds conversion authority established in clause (h)(5) of this section, an estimate of the increased participation which will result from its cost-saving initiative, including an explanation of how the estimate was developed; and”.

Children and youth. State and local governments.
(c) **Study of Nutrition Services and Administration Funding.**—The Secretary shall conduct a study of the appropriateness of the percentage of the annual appropriation for the program required by paragraph (h)(1) of this section to be made available for State and local agency costs for nutrition services and administration, and shall report the results of this study to the Congress not later than March 1, 1989. Such study shall include an analysis of the impact in future years on per participant administrative costs if a substantial number of States implement competitive bidding, rebate, direct distribution, or home delivery systems and shall examine the impact of the percentage provided for nutrition services and administration on the quality of such services.

(d) **Effective Date.**—The amendment made by subsections (a), (b), and (c) shall take effect October 1, 1987.

**SEC. 9. Coordination of WIC Program with Medicaid Counseling.**

Section 17(f)(1)(C)(iii) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(1)(C)(iii)) is amended by striking out "and maternal and child health care programs" and inserting in lieu thereof "maternal and child health care, and medicaid programs".

**SEC. 10. Study of Medicaid Savings for Newborns from WIC Program.**

(a) **Study.**—The Secretary of Agriculture in consultation with the Secretary of Health and Human Services shall conduct a national study of savings in the amount of assistance provided to families with newborns under State plans for medical assistance approved under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) and State indigent health care programs, during the first 60-day period after birth, as the result of the participation of mothers of newborns before birth in the special supplemental food program authorized under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786).

(b) **Report.**—Not later than February 1, 1990, the Secretary shall submit to Congress a report that describes the results of the study conducted under subsection (a).

(c) **Funding.**—This section shall be carried out using funds made available under section 17(g)(3) of the Child Nutrition Act of 1966.

**SEC. 11. Supplying Infant Formula for the WIC Program.**

Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) is amended by adding at the end thereof the following new paragraph:

"(16) To be eligible to participate in the program authorized by this section, a manufacturer of infant formula that supplies formula for the program shall—

(A) register with the Secretary of Health and Human Services under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321 et seq.); and

(B) before bidding for a State contract to supply infant formula for the program, certify with the State health department that the formula complies with such Act and regulations issued pursuant to such Act."

**SEC. 12. Overspending and Underspending Under the WIC Program.**

Section 17(i)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(i)(3)) is amended—
(1) in subparagraph (A)—
(A) by inserting “and subject to subparagraphs (B) and (C)” after “paragraph (2)”; and
(B) by striking out “or” at the end of clause (i) and inserting in lieu thereof “and”; and
(2) by adding at the end thereof the following new subparagraph:
“(C) The total amount of funds transferred from any fiscal year under clauses (i) and (ii) of subparagraph (A) shall not exceed 1 percent of the amount of the funds allocated to a State agency for such fiscal year.”.

SEC. 13. DEFINITIONS.

For purposes of this Act:
(1) The term “donated commodities” means agricultural commodities and their products that are donated by the Secretary to recipient agencies.
(2) The term “entitlement commodities” means agricultural commodities and their products that are donated and charged by the Secretary against entitlements established under programs authorized by statute to receive such commodities.
(3) The term “recipient agency” means—
(A) a school, school food service authority, or other agency authorized under the National School Lunch Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) to operate breakfast programs, lunch programs, child care food programs, summer food service programs, or similar programs and to receive donations of agricultural commodities and their products acquired by the Secretary through price support, surplus removal, or direct purchase;
(B) a nutrition program for the elderly authorized under title III of the Older Americans Act of 1965 (42 U.S.C. 3021 et seq.) to receive donations of agricultural commodities and their products acquired by the Secretary through price support, surplus removal, or direct purchase;
(C) an agency or organization distributing commodities under the commodity supplemental food program established in section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note);
(D) any charitable institution, summer camp, or assistance agency for the food distribution program on Indian reservations authorized under section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) to receive donations of agricultural commodities and their products acquired by the Secretary through price support, surplus removal, or direct purchase; or
(E) an agency or organization distributing commodities under a program established in section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note).
(4) The term “State distribution agency” means a State agency responsible for the intrastate distribution of donated commodities.
(5) The term “Secretary” means Secretary of Agriculture, unless the context specifies otherwise.
SEC. 14. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.