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June 2023

# SCHOOL MEALS

## USDA Should Address Challenges in Its “Foods in Schools” Program

# GAO Highlights

Highlights of [GAO-23-105697](#), a report to the Committee on Agriculture, Nutrition, and Forestry, U.S. Senate

## Why GAO Did This Study

The USDA Foods in Schools program is an important source of nutritious, domestic food for school meals. Through the program, school food authorities select from over 200 products that USDA offers to purchase on their behalf—an annual value of about \$1.6 billion. The program relies on a network of public and private stakeholders to operate effectively.

GAO was asked to review implementation of the USDA Foods in Schools program. This report examines (1) spending for the program in recent years and (2) any challenges states and school food authorities faced in operating the program, as well as USDA’s assistance in addressing challenges.

GAO analyzed data on USDA Foods in Schools purchases from school years 2014-15 through 2020-21. GAO surveyed all states that operate the program, and interviewed officials from a non-generalizable sample of four states and eight school food authorities. GAO selected states based on use of USDA Foods in Schools entitlement, geographic diversity, and other reasons. GAO selected school food authorities for a range of locales. GAO also interviewed USDA officials and reviewed relevant federal laws, regulations, and documents.

## What GAO Recommends

GAO is making three recommendations to USDA, including to develop a mechanism to routinely and systematically identify and address challenges, and to establish guidelines for timely communication with states. USDA agreed with all three recommendations.

View [GAO-23-105697](#). For more information, contact Kathryn A. Larin at (202) 512-7215 or [larink@gao.gov](mailto:larink@gao.gov).

June 2023

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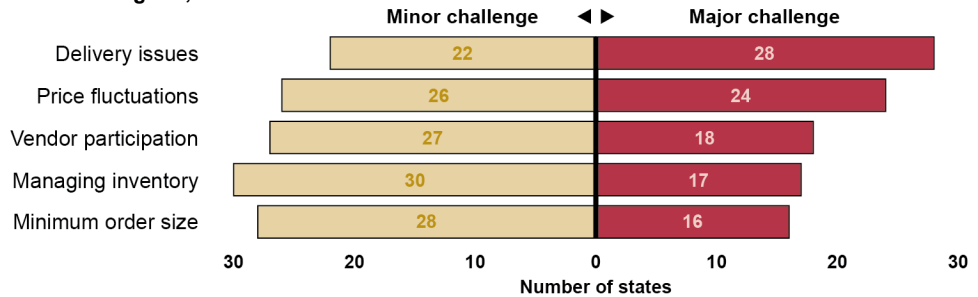
## USDA Should Address Challenges in Its “Foods in Schools” Program

### What GAO Found

Local school food authorities primarily used the U.S. Department of Agriculture (USDA) Foods in Schools program to obtain beef, poultry, and fresh produce, according to GAO’s analysis of the most recent Food and Nutrition Service (FNS) data available. From school years 2014-15 through 2020-21, beef and poultry accounted for nearly 40 percent of all USDA Foods in Schools purchases, an average of more than \$625 million per year. Over that same period, fresh produce purchases through the program nearly tripled. Selected states and school food authorities GAO interviewed described several factors that affected which foods school food authorities obtained through the program, including cost, convenience, and the staff resources available to manage inventory.

States reported major challenges in operating the USDA Foods in Schools program in school year 2021-22, according to GAO’s survey. For example, 28 states reported major challenges with delivery issues, including cancellations, delays, and receiving less than their full order. States reported that this challenge generally existed prior to the pandemic, but worsened during it. Officials from school food authorities GAO interviewed said they had to adjust quickly to address delivery issues, such as by making last-minute menu substitutions or serving the same meal multiple days in a row. Though USDA has begun to identify and address some operational challenges on an ad hoc basis, it does not do so routinely or systematically. Without a mechanism to identify and address challenges, USDA may miss opportunities to respond to risks and achieve the program’s main objective—providing domestic foods for nutritious meals.

**Challenges States Reported in Operating the U.S. Department of Agriculture (USDA) Foods in Schools Program, School Year 2021-22**



Source: GAO analysis of state survey results. | GAO-23-105697  
 Note: For more details, see figure 7 in GAO-23-105697.

More than half of states reported satisfaction with FNS’s assistance on the USDA Foods in Schools program, according to GAO’s survey. However, 21 states identified opportunities for additional assistance, including more timely communication. Specifically, nine states reported delayed or lacking communication from FNS, especially regarding USDA Foods orders. FNS staff said they do not have guidelines for communication with states, but respond as soon as possible. By establishing such guidelines, FNS could track its efforts to provide timely responses and better assist states in operating the program.

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## Abbreviations

AMS	Agricultural Marketing Service
BMI	Business Management Improvement
FFAVORS	Fresh Fruits and Vegetables Order Receipt System
FFS	fee-for-service
FNS	Food and Nutrition Service
National School Lunch Act	Richard B. Russell National School Lunch Act, as amended
NOI	net off invoice
NSLP	National School Lunch Program
SFA	school food authority
SKU	stock-keeping unit
USDA	U.S. Department of Agriculture
USDA DoD Fresh	USDA Department of Defense Fresh Fruit and Vegetable program
WBSCM	Web-based Supply Chain Management

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June 14, 2023

The Honorable Debbie Stabenow  
Chairwoman  
The Honorable John Boozman  
Ranking Member  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate

The U.S. Department of Agriculture’s (USDA) Foods in Schools program provides an important pathway for school food authorities (SFA) to obtain nutritious food for school meals from domestic sources.<sup>1</sup> Through the program, SFAs can select from more than 200 products that USDA offers to purchase on their behalf—referred to as “USDA Foods”—including fruits, vegetables, and lean meats to serve as part of meals provided through the National School Lunch Program (NSLP) and other programs.<sup>2</sup> USDA Foods account for 15 to 20 percent of the food served through NSLP—an average value of about \$1.6 billion per year, according to USDA data.<sup>3</sup> To operate effectively, the USDA Foods in Schools program relies on a complex network of federal, state, and local partners, as well as private sector agricultural producers, manufacturers, and distributors.<sup>4</sup>

You asked us to review implementation of the USDA Foods in Schools program. This report examines (1) spending for the USDA Foods in Schools program in recent years disaggregated by food categories, and (2) any challenges states and selected SFAs faced in operating the

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<sup>1</sup>School food authorities (SFA) are typically school districts that operate school meal programs locally under agreements with state agencies.

<sup>2</sup>According to the Food and Nutrition Service’s (FNS) fiscal year 2019 data, about 30 million children across nearly 100,000 schools received lunch through the National School Lunch Program (NSLP) each school day.

<sup>3</sup>The average of \$1.6 billion per year reflects the inflation-adjusted average of school year 2014-15 through 2020-21 using the Producer Price Index. Over that same period, the nominal, unadjusted average was \$1.5 billion per year.

<sup>4</sup>Throughout this report, we generally use the term “manufacturers” to refer broadly to companies from which the U.S. Department of Agriculture (USDA) purchases food for the USDA Foods in Schools program. At times, we also use the term “processors” to refer specifically to manufacturers that participated in the Further Processing pathway within the USDA Foods in Schools program, which is described later in the report.

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USDA Foods in Schools program, and the assistance USDA has provided to address challenges.

To examine spending for the USDA Foods in Schools program, we primarily analyzed USDA data on USDA Foods in Schools purchases for NSLP from school years 2014-15 through 2020-21, the most recent data available.<sup>5</sup> For the purposes of our analyses, we obtained data from two USDA databases: (1) the Web-based Supply Chain Management database and (2) the Fresh Fruits and Vegetables Order Receipt System.<sup>6</sup> Together, these two mutually exclusive databases contain data on nearly all purchases for the USDA Foods in Schools program. We adjusted the data for inflation and used it to conduct national- and state-level analyses, such as trends in spending by food categories (e.g., beef and poultry, fruits, vegetables).<sup>7</sup> We determined these data were sufficiently reliable for the purposes of our analyses by reviewing related documentation, interviewing knowledgeable USDA officials, and performing electronic testing on the data.

To examine any challenges states and selected SFAs faced in operating the USDA Foods in Schools program, and the assistance USDA provided, we surveyed all states that administer the USDA Foods in Schools program.<sup>8</sup> We asked states about any challenges that they faced operating the USDA Foods in Schools program and the types of assistance they received from USDA to operate the program, among other things. We administered the survey from August to September 2022, and the survey response rate was 100 percent.

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<sup>5</sup>We focused the methodology and analysis for this report on NSLP because nearly all USDA Foods in Schools purchases were for NSLP in the school years we analyzed.

<sup>6</sup>For more about the Web-based Supply Chain Management (WBSCM) database and the Fresh Fruits and Vegetables Order Receipt System (FFAVORS), see appendix I.

<sup>7</sup>Unless otherwise specified, data on trends in spending for the USDA Foods in Schools program presented throughout this report reflect inflation-adjusted school year 2020-21 dollars. To adjust for inflation we used the Producer Price Index, which is also how USDA adjusts the USDA Foods in Schools entitlement for inflation each year.

<sup>8</sup>The survey population included all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. For reporting purposes, we use the term “states” to refer to states, the District of Columbia, and territories. Guam and Kansas operate the USDA Foods in Schools program differently than the other 52 states. We included Guam and Kansas in the survey so that we could gather their unique perspectives, which we analyzed separately. Throughout this report, results from our survey exclude Kansas and Guam.



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To address both objectives, we interviewed officials from a non-generalizable sample of four states—California, Illinois, Louisiana, and New Hampshire—and eight SFAs within those states. We selected these states because they provided variation in the size of their school meal programs, how they used their USDA Foods in Schools entitlement in recent years, and the state agencies that administer the USDA Foods in Schools program. These states also provided geographic diversity, and each were located in a different USDA Food and Nutrition Service (FNS) region. In general, we randomly selected SFAs to represent a range of urbanicity within each state—for example, we included at least one large, urban SFA in addition to smaller, more rural SFAs.<sup>9</sup> In the interviews, we discussed trends in ordering for the USDA Foods in Schools program over the past 5 school years, the benefits and challenges of the program, the types of assistance and training officials received, and the effects of the COVID-19 pandemic on program operations, among other topics.

To provide additional context for both objectives, we interviewed staff from USDA and the Defense Logistics Agency, and reviewed relevant federal laws, regulations, and agency documents. We assessed USDA's efforts to provide assistance on the USDA Foods in Schools program using USDA's strategic plan, federal internal control standards, and provisions of the Richard B. Russell National School Lunch Act, as amended (National School Lunch Act).<sup>10</sup> We also interviewed representatives from national organizations that represent key stakeholders in federal school meal programs, such as the School Nutrition Association and the American Commodity Distribution Association, to understand their perspectives and insights on the USDA Foods in Schools program. See appendix I for additional information on our objectives, scope, and methodology.

We conducted this performance audit from January 2022 to June 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that

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<sup>9</sup>To help ensure we had a wide range of perspectives, we also purposely selected one SFA that received cash to purchase food commercially instead of receiving USDA Foods.

<sup>10</sup>U.S. Department of Agriculture, *Strategic Plan: Fiscal Years 2022-2026* (Mar. 2022); GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014); Pub. L. No. 79-396, 60 Stat. 230 (1946) (codified as amended at 42 U.S.C. §§ 1751-1769j).

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the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

### USDA Foods in Schools Program: Authorization and Funding

The National School Lunch Act authorizes assistance to states in the establishment, maintenance, operation, and expansion of school meal programs, including NSLP. FNS has primary responsibility for administering school meal programs, including assisting states and SFAs in obtaining food to serve.<sup>11</sup> According to FNS documents, the agency generally helps provide food to serve for NSLP in two ways: (1) cash reimbursements for meals served and (2) an entitlement to order from a catalog of USDA Foods (i.e., domestic, USDA-purchased foods). SFAs use cash reimbursements to purchase foods for school meals through commercial markets. SFAs use the entitlement—referred to throughout this report as the USDA Foods in Schools entitlement or, simply, entitlement—to select USDA Foods. Cash reimbursements, along with student payment for meals and other funding sources, account for 80 to 85 percent of the food served through NSLP on a given day. Foods obtained through the USDA Foods in Schools entitlement account for the other 15 to 20 percent, according to USDA data.<sup>12</sup>

Generally, each school year FNS calculates the USDA Foods in Schools entitlement for each state based on the number of meals served in the state in the prior school year. In school year 2022-2023, the entitlement was valued at 30 cents per meal served through NSLP.<sup>13</sup> Typically, states

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<sup>11</sup>The FNS headquarters office also provides guidance, policy materials, monitoring tools, and support on specific USDA Foods orders, among other assistance. In some instances, FNS's seven regional offices provide guidance and technical assistance to states on operating the USDA Foods in Schools program. FNS partners with USDA's Agricultural Marketing Service (AMS) to purchase USDA Foods and collaborates with the Defense Logistics Agency to administer the USDA Department of Defense Fresh Fruit and Vegetable (USDA DoD Fresh) pathway.

<sup>12</sup>This study focused on the USDA Foods in Schools entitlement. Commercial food purchases were outside the scope, and we do not discuss commercial purchases at length in this report. Our findings related to the USDA Foods in Schools program are not generalizable to NSLP overall.

<sup>13</sup>FNS adjusts the entitlement rate for inflation each year to reflect changes in five major food components of the Bureau of Labor Statistics' Producer Price Index: (1) cereal and bakery products; (2) meats, poultry, and fish; (3) dairy products; (4) processed fruits and vegetables; and (5) fats and oils.

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then allocate the entitlement among the SFAs within the state, in proportion to the number of meals each SFA served.<sup>14</sup>

SFAs receive USDA Foods in Schools entitlement for meals served through three FNS programs: NSLP, the Child and Adult Care Food Program, and the Summer Food Service Program. Of these programs, meals served through NSLP account for more than 99.5 percent of the total entitlement per year, according to FNS data.<sup>15</sup>

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## USDA Foods in Schools Program: Pathways for Using Entitlement

SFAs use their entitlement to order USDA Foods from a catalog that USDA updates each year. Typically, SFAs submit preferences for USDA Foods to their state, which aggregates the preferences and submits orders to USDA. SFAs generally have three pathways for using their USDA Foods in Schools entitlement for NSLP: direct delivery (Direct Delivery), diverting USDA foods for further processing (Further Processing), and the USDA Department of Defense Fresh Fruit and Vegetable program (USDA DoD Fresh) (see fig. 1).<sup>16</sup>

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<sup>14</sup>Because of the way the USDA Foods in Schools entitlement—and the food obtained using the entitlement—flows from USDA to states to SFAs, throughout this report we typically refer to SFAs, rather than states, when discussing trends in the use of USDA Foods in Schools entitlement.

<sup>15</sup>SFAs do not receive USDA Foods in Schools entitlement for meals served through the School Breakfast Program, but they may use USDA Foods received via other programs during breakfast.

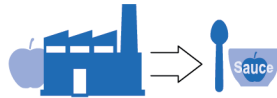
<sup>16</sup>In the 1980s USDA piloted two alternatives to the typical model of USDA Foods in Schools—called “cash in lieu of commodities” and “commodity letters of credit,”—that provided SFAs with cash to purchase food directly rather than receiving USDA Foods. After the pilot ended, SFAs that participated could opt to continue to operate under the alternative model or return to typical USDA Foods in Schools operations. According to FNS data as of school year 2021-22, 48 SFAs continued to operate under cash in lieu of commodities or commodity letters of credit. In addition, Kansas receives cash in lieu of USDA Foods statewide, based on provisions in the National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975. See Pub. L. No. 94-105, § 12, 89 Stat. 511, 515 (codified as amended at 42 U.S.C. § 1765).

**Figure 1: Pathways for Using USDA Foods in Schools Entitlement**



**Direct Delivery**

USDA purchases products and delivers them directly to states or school food authorities (SFAs).



**Further Processing**

States or SFAs request that USDA send bulk products to commercial manufacturers for further processing into more readily usable products.



**USDA DoD Fresh** (*USDA Department of Defense Fresh Fruit and Vegetable program*)

Through USDA's partnership with DoD's Defense Logistics Agency, states and SFAs can use their USDA Foods in Schools entitlement to order fresh fruits and vegetables.

Source: GAO analysis of U.S. Department of Agriculture (USDA) documentation. | GAO-23-105697

**Direct Delivery.** USDA offers a wide variety of USDA Foods through Direct Delivery, typically in shelf-stable or frozen forms.<sup>17</sup> For example, SFAs can order canned fruits and vegetables, frozen meats like ground beef or diced chicken, cheese, pasta, and rice through Direct Delivery.

**Further Processing.** SFAs request that USDA send USDA Foods, mostly in bulk forms, to commercial manufacturers with which SFAs have contracted for processing USDA Foods into more readily usable products. For example, an SFA may use its entitlement to order bulk apples, which USDA sends to a commercial manufacturer to process the apples into individual applesauce cups. USDA offers a variety of bulk fruits, vegetables, meats, cheeses, and other items through the Further Processing pathway.

Commercial manufacturers that want to participate in the Further Processing pathway enter into a legally binding agreement with FNS or a state agency. The agreement includes that the manufacturer must return the full value of the USDA Foods contained in the finished product to the SFA that receives the

<sup>17</sup>The Direct Delivery pathway is also sometimes referred to as "Brown Box." For consistency throughout this report, we only use the term Direct Delivery to refer to this pathway.

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product.<sup>18</sup> FNS regulations and policy memoranda set forth several accounting mechanisms—referred to as “value pass-through systems”—that manufacturers and SFAs may use to ensure SFAs receive the full value of USDA Foods, such as by providing a discount or rebate. See appendix II for information on the use of value pass-through systems in the USDA Foods in Schools program.

**USDA DoD Fresh.** USDA partners with DoD’s Defense Logistics Agency to allow SFAs to use their entitlement to obtain fresh fruits and vegetables. USDA DoD Fresh began as a pilot in 1996 to leverage DoD’s procurement system for obtaining fresh fruits and vegetables for DoD facilities. The Defense Logistics Agency maintains contracts with commercial fresh produce vendors to provide fruits and vegetables to schools through the USDA DoD Fresh pathway.

FNS sets parameters for each of the three pathways, including requirements for the minimum order size. According to FNS officials, the order minimum requirement for Direct Delivery and Further Processing is typically one full truckload of product, which can range in cost from about \$4,000 to about \$300,000, according to FNS estimates for school year 2022-23. Multiple states or SFAs may split Direct Delivery and Further Processing orders to fulfill the order minimum. The order minimum requirement for USDA DoD Fresh is typically \$150 per delivery, reflecting the smaller volume of orders allowed for fresh, perishable items.

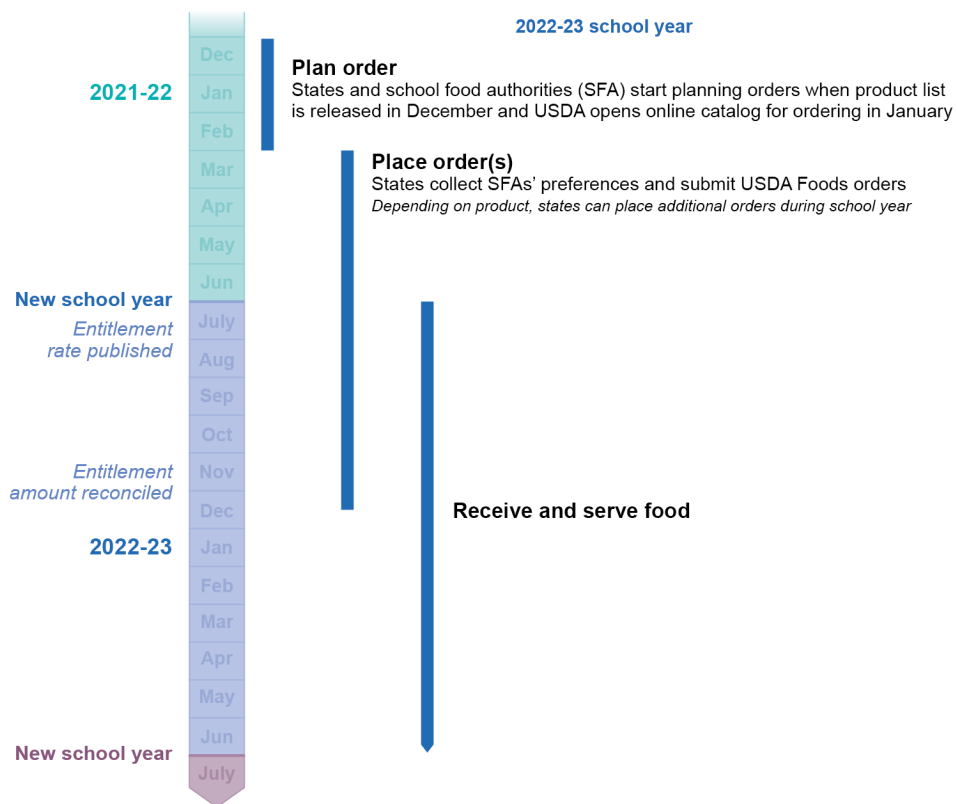
State agencies—typically departments of education or agriculture—operate the USDA Foods in Schools program at the state-level and are responsible for program oversight and management, including determining whether SFAs in the state can use each of the three pathways. According to USDA, states may use any combination of the three pathways, and have discretion over which pathways they make available to SFAs in the state. USDA data for school year 2020-21 showed that the majority of states allowed SFAs to use all three pathways.

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<sup>18</sup>For instance, the commercial manufacturer may combine USDA Foods apples with other non-USDA Foods, when producing applesauce cups. When invoicing a state or SFA for the applesauce cups, the manufacturer must account for the value of the USDA Foods apples in the final sale.

Though states vary in how they operate the USDA Foods in Schools program, the program typically follows the same general phases each school year. The process usually begins in the December preceding a given school year, when USDA releases the list of USDA Foods available through the program, and continues throughout the year from ordering to receiving and serving foods to reconciling entitlement amounts (see fig. 2).

**Figure 2: General Timeline of Key Phases of Operating the USDA Foods in Schools Program**



Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service documents and interviews. | GAO-23-105697

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## SFAs Mainly Used the USDA Foods in Schools Program to Obtain Beef, Poultry, and Fresh Produce

Prior to the Pandemic, SFAs Primarily Obtained Beef and Poultry through the USDA Foods in Schools Program

In terms of spending, SFAs mainly obtained beef and poultry through the USDA Foods in Schools program compared to each of the other food categories, according to our analysis of FNS data across all school years from 2014-15 through 2020-21 (see fig. 3).<sup>19</sup> During that time, beef and poultry accounted for nearly 40 percent of all USDA Foods in Schools purchases, which equates to an average of more than \$625 million per year.<sup>20</sup>

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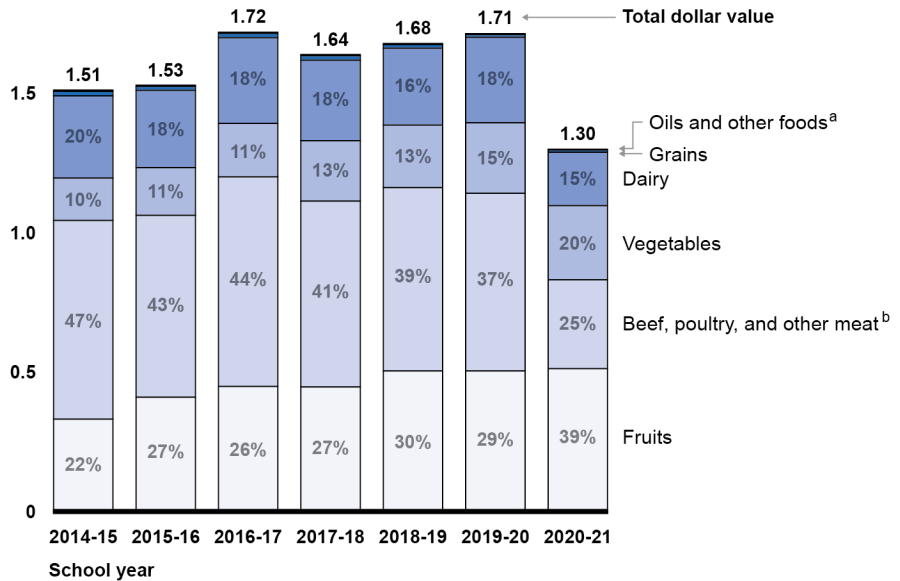
<sup>19</sup>In its prior analyses of USDA Foods in Schools purchases, USDA grouped beef, chicken, eggs, nuts and seeds, pork, seafood, and turkey into one category, which we also used for our analyses. Within this category, the three most-purchased foods were beef, chicken, and turkey—accounting for nearly 90 percent of purchases during the school years we analyzed. As a result, we generally use the terms “beef and poultry” or “beef, poultry, and other meats” throughout this report to refer to all foods in this category. In addition to analyzing spending for the program by food categories in dollars, we also analyzed total pounds purchased through the program, which yielded similar results. However, SFAs typically obtained more pounds of fruit in a given school year than beef, poultry, and other meats, reflecting the different price per pound for these food categories.

<sup>20</sup>Over that same period, the nominal, unadjusted average was \$611 million per year. This was consistent across states. In 45 states, the highest percentage of entitlement went to beef and poultry from school year 2014-15 through 2018-19. We used data from those years to focus our state-level analyses because those years were unaffected by the pandemic. See appendix III for more state-level analyses.

**Figure 3: USDA Foods in Schools Program Purchases for the National School Lunch Program by Food Category, School Years 2014-15 through 2020-21**

Dollar value (in billions)

2.0



Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Notes: Dollar values and percentages in this figure are presented in, or based on, inflation-adjusted school year 2020-21 dollars using the average value of the Producer Price Index for March, April, and May of each year. Though the pandemic began to affect school meal operations at the end of school year 2019-20, the decline in USDA Foods in Schools spending may not have occurred until school year 2020-21 because USDA had already purchased most USDA Foods for 2019-20 by March 2020.

<sup>a</sup>Other foods included herbs, spices, and mixed packages containing products from multiple categories. In each school year, grains, oils, and other foods, collectively, accounted for less than 1.5 percent of all USDA Foods in Schools purchases.

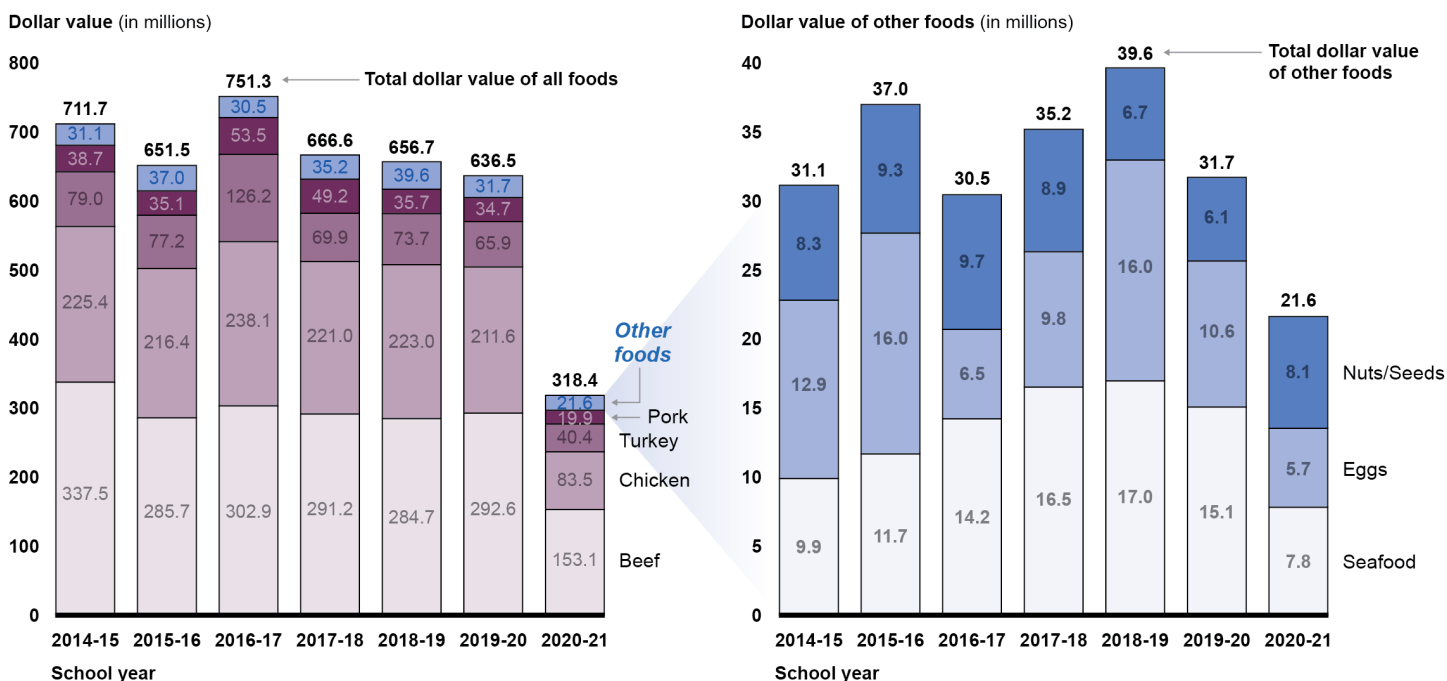
<sup>b</sup>This category included beef, chicken, eggs, nuts and seeds, pork, seafood, and turkey. Within this category, the three most-purchased foods were beef, chicken, and turkey.

SFA and state officials we interviewed described several reasons why SFAs often used their USDA Foods in Schools entitlement to obtain beef and poultry. For example, officials from one SFA said that these foods tended to be the most expensive part of a school meal. Obtaining high-priced foods like beef and poultry through USDA Foods meant that the SFA could stretch its budget for school meals by purchasing less expensive items commercially. Officials from another SFA explained that beef and poultry are common “center of the plate” proteins, meaning these foods are the primary component of a meal served in NSLP. By



comparison, SFAs used less of their entitlement to obtain pork, seafood, eggs, and nuts and seeds (see fig. 4).<sup>21</sup>

**Figure 4: USDA Foods in Schools Program Purchases of Beef, Poultry, and Other Foods for the National School Lunch Program, School Years 2014-15 through 2020-21**



Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Note: Dollar values in this figure are presented in inflation-adjusted school year 2020-21 dollars using the average value of the Producer Price Index for March, April, and May of each year.

While beef and poultry generally were popular foods to obtain through the USDA Foods in Schools program, purchases of these items declined in school year 2020-21, as shown in figure 4. This decline corresponded with a decline in program spending overall, as well as a decline in the use

<sup>21</sup>In November 2022 we similarly reported on the limited quantity of seafood served in NSLP. See GAO, *National School Lunch Program: USDA Could Enhance Assistance to States and Schools in Providing Seafood to Students*, GAO-23-105179 (Washington, D.C.: Nov. 17, 2022).

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of Further Processing.<sup>22</sup> Selected state officials said the decline in the use of Further Processing in school year 2020-21 reflected supply chain issues, which, in part, affected the consistency with which further-processed products were available during the COVID-19 pandemic.<sup>23</sup> FNS preliminary data for fiscal year 2022 showed that SFAs allocated the largest share of their USDA Foods in Schools entitlement to Further Processing that year, suggesting that pandemic-related challenges with Further Processing may have subsided to some extent.<sup>24</sup>

#### Comparing Trends in USDA Foods in Schools Entitlement Use across the Three Pathways

For most years of our analysis, spending on the Direct Delivery and Further Processing pathways far surpassed the USDA Department of Defense Fresh Fruit and Vegetable (USDA DoD Fresh) pathway. However, spending for USDA DoD Fresh increased in each school year we analyzed, and surpassed Direct Delivery and Further Processing in school year 2020-21.

On average, for school years 2014-15 through 2018-19:

- 37 states used the largest share of their entitlement on Direct Delivery,
- 14 states used the largest share of their entitlement on Further Processing, and
- 1 state used the largest share of their entitlement on USDA DoD Fresh.

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

See figure 5 and the sidebar for additional details on trends in entitlement spending across the different program pathways.

Selected SFA officials we interviewed described their reasons for whether and how their SFA used the Further Processing pathway. For example, officials from one SFA said that their SFA used the majority of the entitlement on Further Processing because it allowed the SFA to obtain ready-made meals that staff could heat and serve to students without significant on-site preparation. The officials said that schools in the SFA had older kitchens that did not have equipment to support cooking from scratch and extensive meal preparation. In contrast, an official from another SFA explained that their SFA did not use the Further Processing pathway, even though their state allowed it, because the SFA did not have the staff capacity to manage inventory and complete paperwork.

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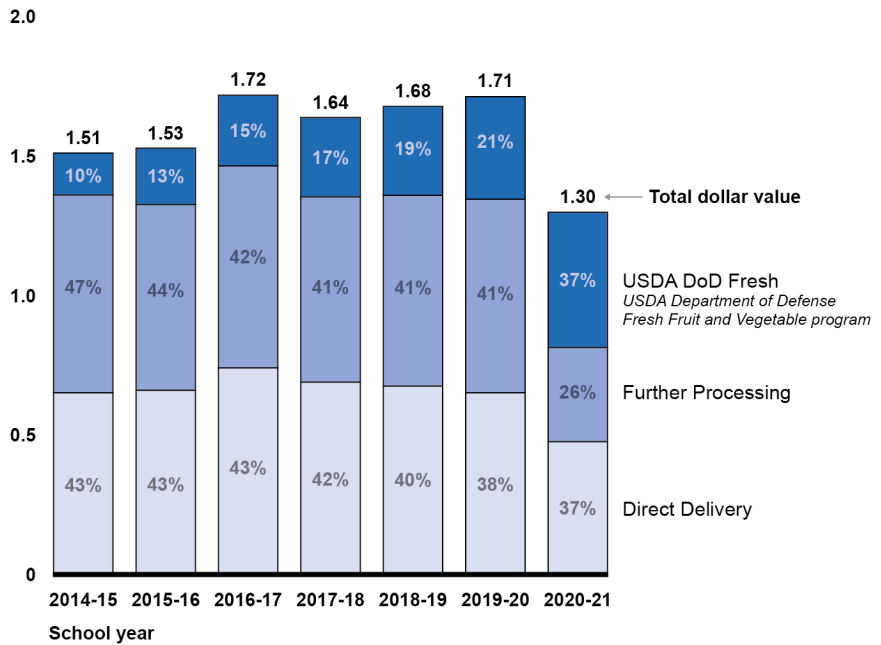
<sup>22</sup>From school year 2014-15 through 2018-19, Further Processing accounted for about 62 percent of beef, poultry, and other meats purchases, on average, while Direct Delivery accounted for the other 38 percent.

<sup>23</sup>Though the pandemic began to affect school meal operations at the end of school year 2019-20, the decline in USDA Foods in Schools spending for Further Processing and Direct Delivery products may not have occurred until school year 2020-21 because USDA had already purchased most USDA Foods for 2019-20 by March 2020.

<sup>24</sup>Final data for school year 2021-22 were not available at the time of our analysis.

**Figure 5: USDA Foods in Schools Program Purchases for the National School Lunch Program by Pathways for Using Entitlement, School Years 2014-15 through 2020-21**

Dollar value (in billions)



Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

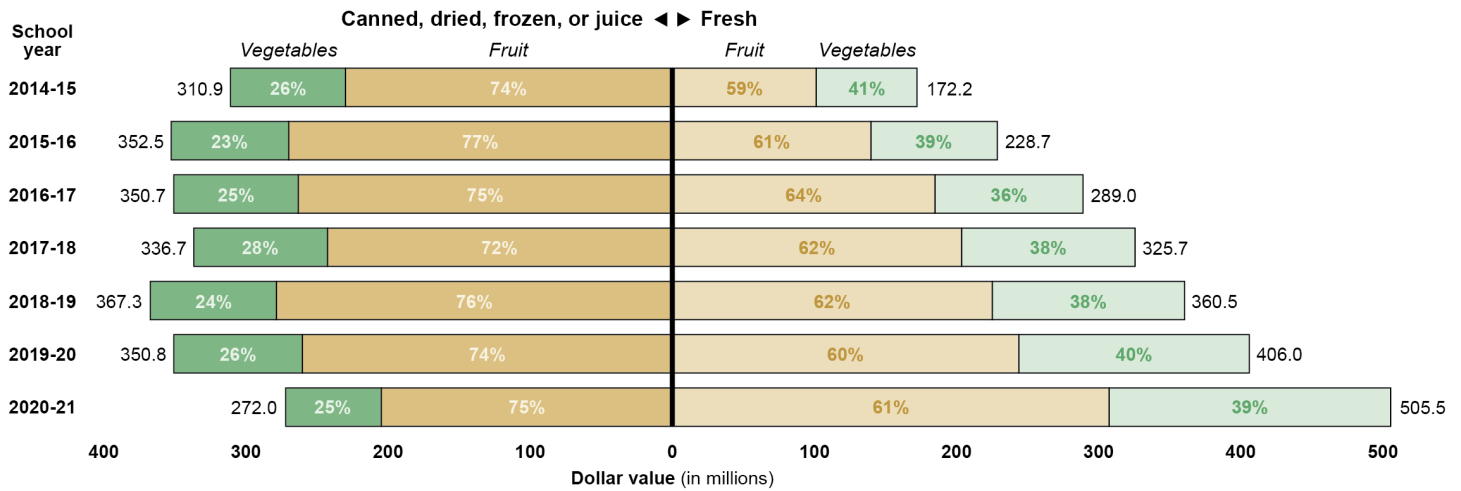
Note: Dollar values and percentages in this figure are presented in, or based on, inflation-adjusted school year 2020-21 dollars using the average value of the Producer Price Index for March, April, and May of each year.

## Fresh Produce Purchases through the USDA Foods in Schools Program Have Increased Substantially

Purchases of fruits and vegetables through the USDA Foods in Schools program generally increased each school year since 2014-15 (see fig. 3 above), with fresh produce driving the increase (see fig. 6). Fresh produce purchases through the USDA Foods in Schools program nearly tripled when comparing school year 2014-15 to 2020-21, while other produce purchases (i.e., canned, dried, frozen, or juice) dropped by more than 10 percent during that time.<sup>25</sup>

<sup>25</sup>This difference was consistent when using inflation-adjusted and nominal, unadjusted data. Other produce purchases also increased between school years 2014-15 and 2019-20 before decreasing in school year 2020-21, as shown in figure 6.

**Figure 6: USDA Foods in Schools Program Purchases of Fruits and Vegetables for the National School Lunch Program, School Year 2014-15 through 2020-21**



Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Note: Dollar values in this figure are presented in, or based on, inflation-adjusted school year 2020-21 dollars using the average value of the Producer Price Index for March, April, and May of each year.

Officials we interviewed in selected states attributed the consistent increase in fresh produce purchased through USDA Foods in Schools to SFAs’ growing interest in serving more minimally processed, fresh foods that aligned with USDA’s requirements for school meals.<sup>26</sup> State officials also noted that serving fresh produce was popular during the pandemic because fresh fruits and vegetables were easier for SFAs to package into “grab and go” meals and distribute during school closures. For example, officials in one state said that SFAs could order pre-sliced produce through USDA DoD Fresh, which state officials said was particularly helpful during the pandemic.

While SFAs’ use of the USDA DoD Fresh pathway increased in each school year we analyzed, some SFA officials we interviewed described reasons their SFA chose not to use USDA DoD Fresh. For example, officials from two SFAs said that their SFAs used little or none of their entitlement for the USDA DoD Fresh pathway because the SFAs had access to local, fresh produce from commercial vendors. Based on where

<sup>26</sup>USDA specifies the quantity of different foods (e.g., meats, fruits, vegetables) that SFAs should serve each week through NSLP.

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the SFAs are located, these officials said they could obtain fresh produce through the commercial market more cheaply than through USDA DoD Fresh.<sup>27</sup> Another SFA official said that their SFA did not use any of the entitlement for fresh produce through USDA DoD Fresh because deliveries would occur on Wednesday or Thursday of each week. This official was concerned that the SFA would not be able to use all of the produce before the end of the week, and that the produce might spoil over the weekend. Rather than risk using its entitlement on fresh produce that might spoil before the SFA could serve it, this SFA used all of its entitlement to obtain chicken, cheese, and nonperishable foods through the Direct Delivery pathway.<sup>28</sup>

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## USDA Has Not Fully Addressed the Challenges Reported by States Operating the USDA Foods in Schools Program

According to our survey of state agencies, states faced major challenges through all phases of operating the USDA Foods in Schools program, from ordering to receiving to using USDA Foods in school year 2021-22.<sup>29</sup> USDA has begun to identify and address some challenges; however, USDA does not do so routinely or systematically. Although states were generally satisfied with the assistance FNS provided for operating the program, 21 states reported that they needed additional assistance, especially with sharing information.

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## States Reported Operational Challenges with the USDA Foods in Schools Program

Many states reported challenges operating the USDA Foods in Schools program, according to our survey and interviews with state officials (see fig. 7).

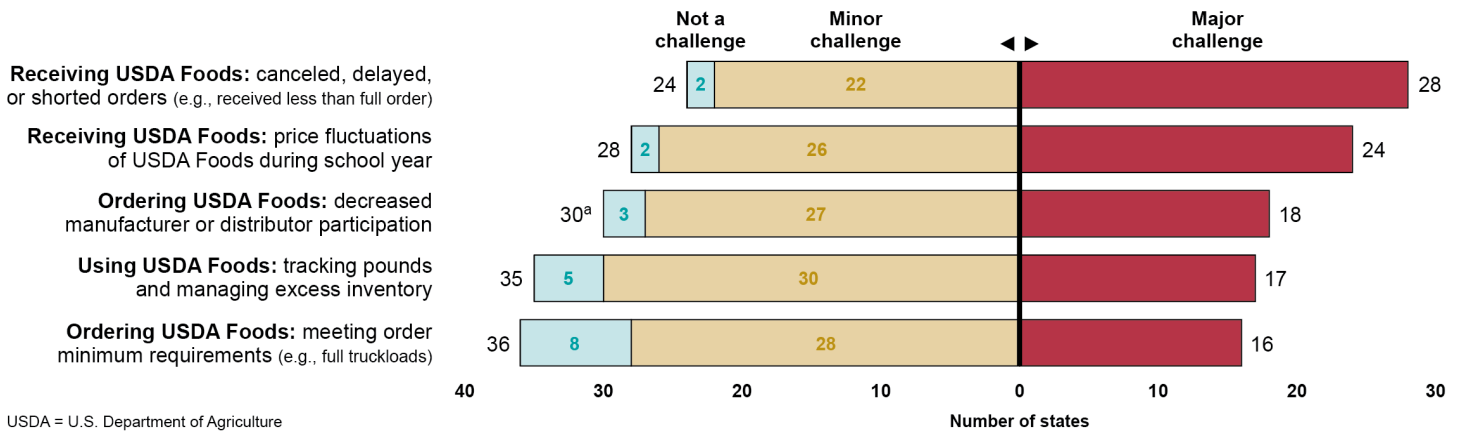
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<sup>27</sup>According to FNS staff, USDA DoD Fresh prices are consistent for all locations under a state or contract zone. As such, staff said there may be differences among SFAs within a given contract zone in terms of the relative value of USDA DoD Fresh compared to commercial prices.

<sup>28</sup>This SFA is located in a state that did not offer Further Processing at the time of our interview.

<sup>29</sup>The phrase “major challenge” combines the “very challenging” and “extremely challenging” responses from our survey. For detailed survey results on challenges states reported in the USDA Foods in Schools program, see appendix IV.

**Figure 7: Challenges States Reported in Operating the USDA Foods in Schools Program, School Year 2021-22**



USDA = U.S. Department of Agriculture

Source: GAO analysis of state survey results. | GAO-23-105697

Notes: GAO administered the survey from August to September 2022. This figure includes data from the 52 states that participated in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term “states” to refer to states, the District of Columbia, and territories.

<sup>a</sup>Four states reported that they did not know whether manufacturer or distributor participation was a challenge for their state.

These challenges occurred through all three phases of program operation: ordering, receiving, and using USDA Foods. States more commonly reported these challenges in the Direct Delivery and Further Processing pathways, compared to the USDA DoD Fresh pathway.

## Ordering USDA Foods



Source: GAO. | GAO-23-105697

In our survey, states reported two major challenges when ordering USDA Foods: (1) decreased manufacturer or distributor participation and (2) order minimum requirements.

### Decreased Manufacturer or Distributor Participation

**Survey results:** According to our survey, 45 states reported manufacturers or distributors deciding no longer to participate in the USDA Foods in Schools program or to do business with SFAs as a challenge to some degree in school year 2021-22.<sup>30</sup> Eighteen of those states reported it as a major challenge.

**State or SFA experiences:** Officials from three selected SFAs reported that some manufacturers or distributors have completely left the USDA

<sup>30</sup>The phrase “to some degree” combines the “somewhat challenging,” “moderately challenging,” “very challenging,” and “extremely challenging” responses from our survey.

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Foods in Schools program, or have reduced the number of products available for ordering through the program. When manufacturers completely left the program or discontinued a product, officials from two of these SFAs said they unexpectedly had to find an alternative or adjust their menu plans in order to continue to provide appealing, nutritious meals to students.

*USDA response:* According to FNS staff, the USDA Foods in Schools program had agreements with 95 national manufacturers in school year 2018-19 for Further Processing of USDA Foods. By school year 2022-23, the number of agreements had dropped to 68.<sup>31</sup>

When manufacturers decided to stop participating in the USDA Foods in Schools program, FNS staff said they worked with the manufacturers to ensure that states received the remaining USDA Foods inventory or that the manufacturers otherwise compensated the states for that inventory. FNS staff said they also were available to provide other technical assistance to states in these situations.



### Order minimum requirements

Source: GAO. | GAO-23-105697

### Order Minimum Requirements

*Survey results:* According to our survey, 44 states reported order minimum requirements as a challenge to some degree in school year 2021-22, with 16 of those states reporting it as a major challenge. This especially was a challenge with the Further Processing and Direct Delivery pathways. Both of those pathways have higher order minimum requirements (i.e., typically a full truckload) than the USDA DoD Fresh pathway (i.e., \$150 per delivery). For example, one full truckload of frozen ground beef through Direct Delivery was 40,000 pounds, with an estimated price of more than \$140,000 for school year 2022-23.<sup>32</sup>

*State or SFA experiences:* Officials from two SFAs we interviewed said that sometimes their SFA did not receive the products they ordered

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<sup>31</sup>FNS staff said there are several reasons that a manufacturer may decide to stop participating in the USDA Foods in Schools program, including commercial business demand, staffing or driver shortages, and supply issues, which were heightened during the pandemic. FNS staff said they could not comment on state or SFA experiences related to distributors leaving the program because states hold the agreements with distributors.

<sup>32</sup>This price reflects USDA's initial estimate for school year 2022-23. The agency updates price estimates throughout the year each time it makes a USDA Foods purchase, according to staff.

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because the orders did not meet the typical minimum order requirement of one truckload.<sup>33</sup> Similarly, in our survey and interviews, four states described difficulties with order minimum requirements, including not ordering some USDA Foods requested by SFAs because SFA orders did not combine to meet minimum order requirements. To meet order minimum requirements, officials we interviewed from several states said they took initiative to combine orders across states to reach a full truckload, such as by setting up a coordination spreadsheet.

*USDA response:* FNS staff said that one truckload of product is the standard minimum order in some food industries and applies to USDA Foods orders, other than some individual products. Specifically, FNS worked with vendors to allow states to order less than a truckload of apples, potatoes, sweet potatoes, and high-protein yogurt.

To assist states in meeting order minimum requirements, FNS allowed states to combine their orders to reach one truckload of product. FNS allows a combined order to have up to three delivery locations, as long as it adheres to FNS's parameters for the distance between deliveries. FNS staff said states coordinate directly to split truckloads.

## Receiving USDA Foods

In our survey, states reported two major challenges when receiving USDA Foods: (1) delivery issues and (2) price fluctuations.



Source: GAO. | GAO-23-105697

### Delivery Issues

*Survey results:* According to our survey, 50 states reported canceled, delayed, or shorted USDA Foods orders as a challenge to some degree in school year 2021-22, with 28 of those states reporting it as a major challenge.

*State or SFA experiences:* Officials from one selected SFA said that they experienced daily substitutions in their USDA Foods orders during the pandemic, and the substitutions were not always equivalent to the original orders. In interviews and on our survey, some state officials attributed

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<sup>33</sup>In our November 2022 report on seafood purchases for NSLP, we similarly found that three states and three SFAs said that order minimum requirements affected their orders of seafood through USDA Foods. See [GAO-23-105179](#).



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USDA Foods delivery issues to general supply chain issues, especially during the pandemic.

SFA officials that we interviewed reported having to adjust quickly when delivery issues occurred. For example, some SFA officials reported making last-minute menu substitutions of USDA Foods with commercial orders. Some SFA officials also said they changed menu plans, with one SFA serving the same meal multiple days in a row, which may have decreased how appealing the meal was to students. One SFA official said that their SFA, which is part of a third-party cooperative, had fewer delivery issues than prior SFAs that this official worked for, which were not part of a cooperative.<sup>34</sup>

*USDA response:* FNS staff provided states with suggestions and flexibility to address USDA Foods delivery issues. For example, FNS encouraged states to stagger the timing of their USDA Foods orders throughout the school year to reduce negative effects of potentially canceled, delayed, or shorted orders. Further, FNS staff said that states and SFAs have the option to order most USDA Foods throughout the year. Therefore, when delivery issues occur, states and SFAs could order a different product or shift their entitlement to another pathway within the program.

To understand the effects of the COVID-19 pandemic on delivery issues, FNS staff said they spoke with stakeholders, such as state agencies, in 2022 to discuss supply chain issues that were contributing to delivery issues and to consider potential solutions.<sup>35</sup>



Source: GAO. | GAO-23-105697

## Price Fluctuations

*Survey results:* According to our survey, 50 states reported price fluctuations of USDA Foods as a challenge to some degree in school year 2021-22, with 24 of those states reporting it as a major challenge. They

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<sup>34</sup>State and SFA officials said SFAs joined third-party cooperatives to reduce the administrative burden of operating school meal programs. For instance, a third-party cooperative might combine food orders for all member SFAs, as well as manage storage and distribution of those foods on behalf of the SFAs. To be a member of a cooperative, SFAs may have to contribute to membership, state administrative, delivery, and storage fees.

<sup>35</sup>We discuss additional steps FNS took in recent years to address supply chain issues, such as providing additional funding to SFAs, in more detail later in this report.

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especially reported this challenge when using the Further Processing and Direct Delivery pathways.

*State or SFA experiences:* Officials from one state we interviewed said that since the beginning of 2022, product prices frequently doubled from the time they placed the order to the time USDA delivered the order and drew down the state's entitlement, typically 4 to 6 months later. This price fluctuation made it difficult for the state and SFAs to plan and account for spending, which could affect their ability to provide cost-effective meals to students. In fact, officials said the state slightly overspent their entitlement in school year 2021-22.

To manage these price fluctuations, officials from one state said that SFAs constantly reviewed and adjusted their entitlement allocations. These officials said that the state works with SFAs to develop creative solutions as needed, including canceling or adjusting future orders to account for increases in food prices.

*USDA response:* To help states predict price fluctuations, USDA automatically updated estimated product prices in its online ordering system every time the agency purchased USDA Foods and posted a bimonthly pricing report, according to staff.

USDA staff attributed USDA Foods price fluctuations to the specific product, volume, and timing of the procurement. For example, staff explained that products AMS purchased on a monthly basis, such as beef or chicken, had greater price fluctuation than products AMS purchased on a quarterly basis, such as cereals and grains. As discussed earlier, beef and poultry accounted for nearly 40 percent of all USDA Foods orders from school year 2014-15 through 2020-21, indicating that a large portion of orders could have experienced the greater price fluctuations.

USDA staff said that states could not cancel USDA Foods orders after AMS had begun procurement, even if the final price was higher than estimated. In addition, AMS analyzed prices against fair-market prices at the beginning of procurement, and AMS did not make the purchase if they determined the final price was not fair-market value.

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## Using USDA Foods Orders



### Managing inventory

Source: GAO. | GAO-23-105697

### Managing Inventory

*Survey results:* According to our survey, 47 states reported tracking or managing excess inventory of USDA Foods as a challenge to some degree in school year 2021-22, with 17 of those states reporting it as a major challenge. Similar to the other major challenges, states reported this challenge mainly in pathways with higher order minimum requirements (i.e., Further Processing and Direct Delivery, which typically require a minimum order of one full truckload).

#### Food Quality Was among the Benefits of the USDA Foods in Schools Program

Officials from several SFAs that we interviewed that participated in the U.S. Department of Agriculture (USDA) Foods in Schools program noted that the products were high quality. **They noted benefits, including:**

- High acceptance among students, especially for prepared foods such as grilled chicken;
- Ability to try new products, such as yogurts; and
- Product convenience, such as individually wrapped products like strawberry cups and applesauce cups.

In addition, 39 of the 52 states we surveyed did not report challenges with the quality of USDA Foods received in school year 2021-22.

Source: GAO analysis of state survey results and interviews with school food authorities (SFA). | GAO-23-105697

*State or SFA experiences:* Officials we interviewed from a small state (by share of all USDA Foods in Schools entitlement) said that they frequently store a few products for more than the 6-month supply of USDA Foods generally allowed under FNS regulations in the state warehouse.<sup>36</sup> While USDA can grant approval to states to exceed the 6-month threshold, state officials said USDA sometimes questions why the state needs more than a 6-month supply.

The state officials said it is because it takes the state longer than 6 months to use the food inventory. When states are unable to resolve an inventory issue, FNS, in collaboration with the state, can reallocate inventory or cancel USDA Foods orders.

*USDA response:* To help states with the 6-month inventory threshold, FNS staff said that they provided policy documents, trainings and technical assistance, and other flexibilities. For example, FNS staff said they frequently granted approval to allow smaller states to exceed the inventory threshold of Direct Delivery products, and states could do the same for the Further Processing pathway. Otherwise, states could transfer inventory in excess of the 6-month threshold to a different state, according to a USDA memorandum.

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<sup>36</sup>Under federal regulations, USDA Foods inventories generally may not exceed an amount needed for a 6-month period, unless FNS approval is obtained to maintain larger inventories. See 7 C.F.R. § 250.12(c)(1).

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## Challenges during the COVID-19 Pandemic

In our survey, states reported that the pandemic worsened some of the existing challenges in using the USDA Foods in Schools program. For example, of the 47 states that found it challenging to manage excess inventory to some extent before the pandemic, 30 states said that the challenge worsened during the pandemic.

A smaller subset of states reported that some major challenges were new during the pandemic. For example, 15 out of 45 states that identified decreased manufacturer or distributor participation as a challenge reported that it first became a challenge during the pandemic.<sup>37</sup>

USDA took some steps to understand and address the challenges that states and SFAs faced during the COVID-19 pandemic. For example, FNS administered a survey to SFAs in fall 2021 to gather information on the scope of the supply chain disruptions on school meal operations. FNS staff said the agency also administered a similar survey in fall 2022. To address challenges states and SFAs faced during the pandemic, FNS provided greater flexibility in program operations, such as the ability to move orders to the next available delivery period, to change the destination of an order, and to delay or cancel the order. FNS also provided additional funding to SFAs to help manage supply chain issues. Nonetheless, in late winter 2023, USDA staff indicated that challenges that had emerged or worsened for some states during the pandemic largely remained heightened.

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## USDA Has Not Fully Identified or Addressed Ongoing Operational Challenges Reported by States

Although USDA has begun to identify and address some challenges that states reported in our survey and interviews, USDA does not do so routinely or systematically. FNS staff said they typically identified challenges on an ad hoc basis, such as through email exchanges with states.

From 2015 to 2017, USDA conducted the Business Management Improvement (BMI) study— a one-time effort that identified several goals to address challenges in the USDA Foods in Schools program, such as improving on-time delivery. However, FNS staff said the pandemic impeded progress toward achieving some of these goals, meaning that some of the challenges identified in the BMI study remain. In addition, based on the timing of the study, the BMI study does not include new

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<sup>37</sup>For detailed survey results on the effect of the COVID-19 pandemic on challenges that states experienced operating the USDA Foods in Schools program, see appendix IV.

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challenges that have emerged since 2017. USDA staff said the agency continues to work toward achieving the goals of the BMI study, including by creating a forecasting tool to project future USDA Foods order volumes.<sup>38</sup> If effective, FNS and AMS staff said it could help develop better long-term contracts with vendors.

While USDA does not collect routine or systematic feedback from states on challenges in the USDA Foods in Schools program, there are opportunities for the agency to do so. For example, each year USDA uses surveys of states and SFAs—now referred to as the “School Meals Operations Study”—to collect data on policy, administration, and operational issues in school-based child nutrition programs.<sup>39</sup> The topics and specific programs reviewed in the annual surveys vary by year, and USDA uses the data it collects, in part, to identify areas for technical assistance and training to improve program operations. While the surveys have included some questions about how SFAs use the USDA Foods in Schools program, the surveys have not collected information about challenges to operating the program in at least the past 5 school years.

Routine, systematic data collection and assessment of challenges that states faced in operating the USDA Foods in Schools program are necessary for achieving parts of USDA’s strategic plan for fiscal years 2022–2026. The strategic plan states that USDA strives “to be a data-driven, customer experience-centered, learning organization that embraces innovation, makes smart and equitable decisions about technology and procurement, builds an infrastructure for the challenges of today and tomorrow, insists on continuous improvement, and listens to feedback.”<sup>40</sup> Federal internal control standards specify that management should identify, analyze, and respond to risks related to achieving defined objectives.<sup>41</sup>

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<sup>38</sup>FNS plans to roll out this tool in summer 2023.

<sup>39</sup>The National School Lunch Act authorizes USDA to perform annual national performance assessments of NSLP and the School Breakfast Program. See 42 U.S.C. § 1769i(a). The assessment reviewing school year 2020–21 was called the School Meals Operations Study, and prior assessments were called the Child Nutrition Program Operations Study. For the assessments, USDA surveyed all state agencies and representative samples of SFAs.

<sup>40</sup>U.S. Department of Agriculture, *Strategic Plan: Fiscal Years 2022–2026* (Mar. 2022).

<sup>41</sup>[GAO-14-704G](#).

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Without a mechanism to routinely and systematically identify challenges faced by states, including creating and implementing a plan to address these challenges, USDA may miss opportunities to proactively identify and prioritize improvements to the USDA Foods in Schools program, target resources, and ultimately achieve the program's objectives. Even if USDA reached all of the goals identified in the BMI study, it would miss opportunities to identify and address challenges that have worsened or emerged since USDA finished the study in 2017. These challenges pose a risk to the program's main objective—to provide domestic foods that help SFAs create appealing, nutritious, and cost-effective menu options.

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### States Were Satisfied with USDA's Written Guidance, Trainings, and Technical Assistance Regarding the USDA Foods in Schools Program but Identified Issues with Information Sharing

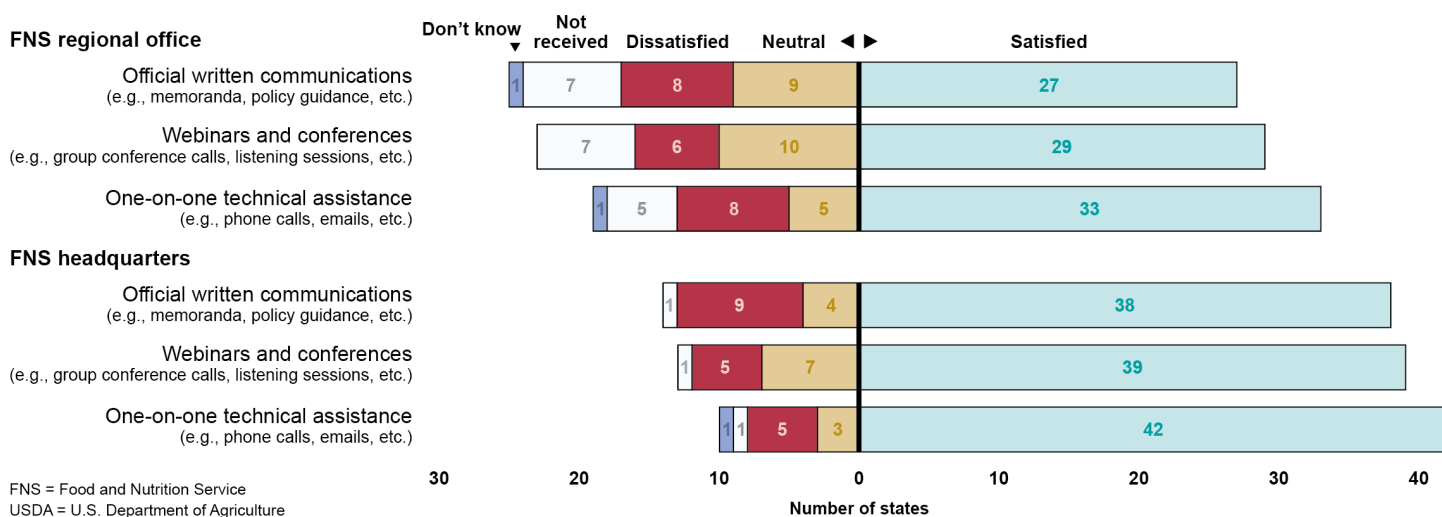
FNS headquarters and seven regional offices provided direction to help states operate the USDA Foods in Schools program, and, according to our survey, most states were generally satisfied with this assistance in school year 2021-22. FNS's assistance to states generally fell into three categories: official written communication, webinars and conferences, and one-on-one technical assistance.

- **Official written communication.** FNS's official written communication for states included memoranda, policy guidance, and other publications. For example, each year, FNS publishes a list of USDA Foods available for the following school year, which states and SFAs use to plan their entitlement allocations. FNS regional offices and headquarters also produced informal written communication for states, such as newsletters.
- **Webinars and conferences.** FNS regional office and headquarters staff provided information to states via live and recorded webinars, conferences, presentations, conference calls, and other similar events. For example, in 2022, FNS conducted three live webinars and published the recordings online. The webinars provided general tips or updates about the different pathways for using the USDA Foods in Schools, and answered questions from states. In December 2022, FNS also resumed an annual, in-person conference for states, which included a few sessions on the USDA Foods in Schools program. More informally, FNS regional offices and headquarters held regular conference calls with states to discuss the USDA Foods in Schools program, among other topics, according to FNS staff.
- **One-on-one technical assistance.** FNS regional office and headquarters staff provided one-on-one technical assistance to states, such as by responding to questions via email and phone calls. FNS staff said headquarters staff provided assistance on specific

USDA Foods orders, while regional office staff typically provided assistance on interpreting FNS policy.

According to our survey, over half of states that operated the USDA Foods in Schools program said they were satisfied with all types of assistance received from FNS regional and headquarters offices in school year 2021-22 (see fig. 8), but more than a third cited a need for additional assistance.<sup>42</sup> States reported slightly more satisfaction with FNS headquarters assistance than with FNS regional office assistance.

**Figure 8: Satisfaction States Reported with Types of Assistance Received from USDA FNS in Operating the USDA Foods in Schools Program, School Year 2021-22**



Notes: GAO administered the survey from August to September 2022. This figure includes data from the 52 states that participate in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term “states” to refer to states, the District of Columbia, and territories. The “neutral” category in the figure corresponds to the “neither satisfied nor dissatisfied” response choice in the survey.

According to our survey, a total of 21 states reported that they needed additional assistance from FNS headquarters or regional offices. States generally listed targeted requests to improve the program rather than major changes. Needs varied, but common requests for more assistance related to information sharing, specifically (1) more timely communication

<sup>42</sup>“Satisfied” combines the very and generally satisfied response options from our survey.

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with states and (2) more opportunities for states to learn promising practices and share information.

### More Timely Communication with States

Several states identified a need for more timely communication from FNS related to the USDA Foods in Schools program, according to responses to our survey and our interviews. Specifically, officials from nine states reported delayed or lacking communication from FNS staff on our survey and in our interviews. Of these nine states, four states reported communication issues related to specific USDA Foods orders, which is the responsibility of FNS headquarters staff. For example, one state described receiving a truckload of damaged product and waiting several hours for FNS's approval to reject the product, which frustrated the delivery driver, distributor, and state officials. In another example, officials from two states said that FNS shorted their orders and did not communicate doing so beforehand. Specifically, officials from one state said FNS subtracted the state's existing Further Processing inventory from the states' new orders, even though the state had already accounted for existing inventory when placing their orders. The lack of communication from FNS before shorting the order confused states and resulted in states needing to clarify and correct the shorted orders so that the states would receive enough product for SFAs to serve in school meals.

Beyond challenges with communication around specific USDA Foods orders, on our survey some states highlighted delayed responses to policy or guidance questions, including when FNS regional office staff needed to consult with FNS headquarters staff. Officials in one state preferred to contact officials from other states for assistance on policy or guidance questions before contacting FNS to try to avoid delays.

FNS does not have written guidelines for its communication with states, including general expectations on standard response times to address questions from states. FNS staff said they respond "as soon as possible" to states' questions regarding a specific USDA Foods order. Staff said response times might vary depending on a number of factors, including whether FNS regional office staff needed to consult with FNS headquarters staff before providing a response to a state.

The National School Lunch Act authorizes assistance to states in the establishment, maintenance, operation, and expansion of school meal programs, and it specifies that the Secretary should develop and distribute training and technical assistance materials that are



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More Opportunities for States  
to Learn Promising Practices  
and Share Information

representative of the best management and administrative practices.<sup>43</sup> In addition, federal internal control standards outline that management should communicate quality information externally, which includes providing the information on a timely basis, so that external parties can help the entity achieve its objectives.<sup>44</sup>

Without timely communication from FNS, state officials may be unable to administer the USDA Foods in Schools program as effectively as they otherwise could, including in instances where FNS has shorted or delayed an order without alerting the state. By establishing guidelines for the timeliness of its communication with states, FNS could track its efforts to provide timely responses and could better assist states in operating the USDA Foods in Schools program.

Several states identified a need for additional assistance from FNS to help them operate the USDA Foods in Schools program effectively, including opportunities to share promising practices and lessons learned across states, according to responses to our survey and our interviews. Specifically, officials from 12 states expressed interest in additional official written communication from FNS, along with more webinars, conferences, or other similar events that include examples of how to operate the USDA Foods in Schools program effectively. For example, one state sought examples of how other states had implemented USDA policy and guidelines successfully. Another state sought data on costs, order volumes, and similar aspects of how other states operate the program.

In addition, five of the 12 states said that FNS could facilitate additional opportunities to share promising practices and enhance collaboration across states. For example, one state sought to connect with other states outside its assigned FNS region. Another state wanted USDA to sponsor more face-to-face networking opportunities with other states.

USDA has not published a comprehensive resource for states that compiles lessons learned or promising practices to serve as a model for the USDA Foods in Schools program. However, USDA has published various “best practices” resources on the FNS website for other programs, including a report spotlighting best practices by states and a toolkit for states compiling resources specific to summer meal programs.

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<sup>43</sup>42 U.S.C. § 1769b-1(f).

<sup>44</sup>[GAO-14-704G](#).

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FNS staff said the agency takes an ad hoc approach to identifying and sharing promising practices and lessons learned for the USDA Foods in Schools program for multiple reasons. Specifically,

- FNS staff said state officials interact and can share promising practices and lessons learned through third-party groups, like the School Nutrition Association and the American Commodity Distribution Association. For example, these groups host annual, nationwide conferences, at which FNS staff said they frequently attended and presented about the USDA Foods in Schools program. FNS staff said these conferences are a main mode of communication and dialogue about the program. However, FNS staff recognized that cost prohibited some states from joining the groups and attending conferences.
- FNS hosted webinars specific to the USDA Foods in Schools program and held conference calls that generally discussed school meal programs. At these events, FNS staff said that they sometimes shared promising practices or lessons learned. However, scheduling conflicts could have prevented states from participating in these events. To help address this issue, FNS recorded its USDA Foods in Schools webinars and posted them publicly on the agency’s website.
- As noted, in December 2022 FNS also resumed an annual, in-person conference generally focused on school meal programs, including the USDA Foods in Schools program. States could pay to attend the conference, which included some sessions with state directors as guest speakers sharing their experiences, as well as short networking sessions. FNS has not published recordings of these sessions on its website.

The National School Lunch Act requires that USDA provide states with assistance representative of best management and administrative practices.<sup>45</sup> USDA’s strategic plan for fiscal years 2022–2026 calls for the agency to use “new communication mechanisms, to... administer programs as effectively as possible to serve targeted populations.”<sup>46</sup> In addition to USDA’s stated goals, federal internal control standards state that management should communicate quality information externally to achieve objectives, which can include sharing lessons learned to support

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<sup>45</sup>42 U.S.C. § 1769b-1(f).

<sup>46</sup>U.S. Department of Agriculture, *Strategic Plan: Fiscal Years 2022-2026* (Mar. 2022).

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further improvement.<sup>47</sup> In prior work, we found that collecting and sharing lessons learned from an interagency effort is valuable because one agency can share lessons it has learned with other agencies that may benefit from the information.<sup>48</sup>

As the administering agency of the USDA Foods in Schools program, FNS is uniquely positioned to identify and share promising practices and lessons learned with states. Taking steps to systematically identify and share promising practices and lessons learned with states, such as by creating a repository or toolkit on the agency's public website, would better position FNS to improve the program and meet its goal to administer the program as effectively as possible.

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## Conclusions

According to USDA data, the USDA Foods in Schools program accounts for 15 to 20 percent of the food served through NSLP—amounting to roughly \$1.6 billion per year in school year 2020-21 dollars. States play a pivotal role in operating the USDA Foods in Schools program, such as by allocating entitlement to SFAs, collecting SFA preferences and placing USDA Foods orders, and managing inventory. The National School Lunch Act charges USDA with assisting states, yet USDA may be missing opportunities to help states operate the USDA Foods in Schools program more effectively.

First, according to our survey and interviews, states identified major challenges to operating the program—challenges that USDA has begun to identify and address on an ad hoc basis. USDA could develop a mechanism to routinely and systematically identify and address challenges to operating the USDA Foods in Schools program, for example, by adding relevant questions to the annual School Meals Operations Study, and by creating and implementing a plan to address findings. Without a mechanism to routinely and systematically identify and address challenges faced by states in operating the program, USDA may miss opportunities to make the program more effective.

Second, states identified the need for more timely communication from FNS, specifically regarding USDA Foods orders. States provided various

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<sup>47</sup>GAO, [GAO-14-704G](#); and *School Meal Programs: Improved Reviews, Federal Guidance, and Data Collection Needed to Address Counting and Claiming Errors*, [GAO-09-814](#) (Washington, D.C.: Sept. 9, 2009).

<sup>48</sup>GAO, *Grants Management: OMB Should Collect and Share Lessons Learned from Use of COVID-19-Related Grant Flexibilities*, [GAO-21-318](#) (Washington, D.C.: Mar. 31, 2021).

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examples in which delayed or absent communication hindered efforts to operate the program smoothly. FNS lacks guidelines for response times. By establishing guidelines for the timeliness of its communication with states, FNS could track its efforts to provide timely responses and could better assist states in operating the USDA Foods in Schools program.

Finally, states identified a need for FNS to expand its efforts to identify and share promising practices and lessons learned. FNS could facilitate identification and sharing of lessons learned and promising practices nationwide by creating a repository or toolkit on the agency's public website that is accessible to all states, similar to what USDA has done for other school meal programs. By providing this type of assistance, FNS would be better positioned to improve the USDA Foods in Schools program and administer it as effectively as possible.

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## Recommendations for Executive Action

We are making three recommendations to the Secretary of Agriculture. Specifically:

The Secretary of Agriculture should develop a mechanism to routinely and systematically identify and address challenges to operating the USDA Foods in Schools program. For example, the agency could add relevant questions to the annual School Meals Operations Study, and create and implement a plan to address findings. (Recommendation 1)

The Secretary of Agriculture should ensure that the Administrator of FNS establishes guidelines for timely communication with states on the USDA Foods in Schools program. For example, the guidelines could distinguish response times regarding specific orders and general policy questions. (Recommendation 2)

The Secretary of Agriculture should ensure that the Administrator of FNS systematically identifies and shares promising practices and lessons learned with states related to the USDA Foods in Schools program, for example, by creating a repository or toolkit on the agency's public website that is accessible to all states. (Recommendation 3)

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## Agency Comments

We provided a draft of this report to USDA for review and comment. USDA concurred with all three recommendations and provided technical comments, which we incorporated as appropriate.

With regard to the first recommendation, USDA said the agency has made significant efforts to identify and address challenges in the USDA Foods in Schools program. For example, the agency said it has

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conducted listening sessions with stakeholders and initiated actions based on the feedback. USDA also said it has used surveys of SFAs and other formal research to inform the agency's priorities regarding the USDA Foods in Schools program. USDA said it will continue to engage with partner organizations to identify areas of concern and solutions, and will continue to establish ways to more routinely and systematically identify and address challenges related to USDA Foods in Schools.

With regard to the second recommendation, USDA said the agency would seek input from state agencies during upcoming meetings and conferences about the best way that USDA can meet states' needs and ensure timely communication.

With regard to the third recommendation, USDA said the agency supports a variety of efforts to facilitate the sharing of promising practices through promoting state interaction and communication. USDA said it would work to develop a repository of USDA Foods in Schools resources for states on the public website to supplement resources already available to states.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Secretary of Agriculture, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or [larink@gao.gov](mailto:larink@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



Kathryn A. Larin, Director  
Education, Workforce, and Income Security Issues

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# Appendix I: Objectives, Scope, and Methodology

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In this report, we examined: (1) spending for the U.S. Department of Agriculture (USDA) Foods in Schools program in recent years disaggregated by food categories and (2) any challenges states and selected school food authorities (SFA) faced in operating the USDA Foods in Schools program, and the assistance USDA provided. To address these objectives, we primarily used the following methodologies:

- Analyzed USDA data on USDA Foods in Schools purchases for the National School Lunch Program (NSLP) from school years 2014-15 through 2020-21, the most recent data available.
- Surveyed all 50 states, the District of Columbia, and three territories that operate the USDA Foods in Schools program.
- Interviewed officials from a non-generalizable selection of four states (California, Illinois, Louisiana, and New Hampshire) and eight SFAs within those states.

To obtain additional information on both objectives, we interviewed officials from USDA's Food and Nutrition Service (FNS) and Agricultural Marketing Service (AMS). We assessed USDA's efforts to provide assistance on the USDA Foods in Schools program using USDA's strategic plan, federal internal control standards, and provisions of the Richard B. Russell National School Lunch Act, as amended.<sup>1</sup> We also interviewed Defense Logistics Agency staff and representatives from national stakeholder groups, including the School Nutrition Association and the American Commodity Distribution Association. In addition, we reviewed relevant federal laws, regulations, and agency documents.

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## Analysis of Spending for the USDA Foods in Schools Program

We analyzed spending for the USDA Foods in Schools program using data from two USDA databases: (1) the Web-based Supply Chain Management (WBSCM) database and (2) the Fresh Fruits and Vegetables Order Receipt System (FFAVORS). WBSCM contains data on USDA Foods in Schools purchases through the Direct Delivery and Further Processing pathways, while FFAVORS contains data on purchases through the USDA Department of Defense Fresh Fruit and Vegetable (USDA DoD Fresh) pathway. WBSCM and FFAVORS are

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<sup>1</sup>U.S. Department of Agriculture, *Strategic Plan: Fiscal Years 2022-2026* (Mar. 2022); GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014); Pub. L. No. 79-396, 60 Stat. 230 (1946) (codified as amended at 42 U.S.C. §§ 1751-1769j).

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mutually exclusive databases, and together contain data on nearly all purchases for the USDA Foods in Schools program.<sup>2</sup>

We obtained WBSCM and FFAVORS data directly from FNS for school years 2014-15 through 2020-21, the most recent data available at the time of our analysis.<sup>3</sup> We used WBSCM and FFAVORS data to conduct both national- and state-level analyses of trends in spending. In total, FNS provided data on nearly 28 million purchases for NSLP through the USDA Foods in Schools program. We determined these data were sufficiently reliable for the purposes of our analyses by reviewing related documentation, interviewing knowledgeable USDA officials, and performing electronic testing on the data.

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### Scope of Spending Data Analysis and Inflation Adjustment

For the USDA Foods in Schools program, WBSCM includes data on three funding streams: USDA Foods in Schools entitlement, trade mitigation, and bonus buys. States and SFAs typically use entitlement to obtain products through the USDA Foods in Schools program. Trade mitigation and bonus buys refer to the process by which USDA makes additional, targeted purchases of domestic commodities to assist farmers in response to trade issues with foreign nations or unexpected market conditions. At times, USDA makes products purchased through trade mitigation or bonus buys available through the USDA Foods in Schools program. For our analysis, we limited our examination of trends in spending to purchases made using USDA Foods in Schools entitlement. We confirmed the soundness of this approach with FNS staff.

In order to remove the effect of price inflation on changes in spending across school years, we adjusted the data for inflation. To adjust for inflation, we used the average of the Producer Price Index for March, April, and May of each year, consistent with how USDA adjusts USDA

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<sup>2</sup>According to USDA staff, neither database contains data on USDA's Pilot Project for Procurement of Unprocessed Fruits and Vegetables. Therefore, our analysis does not include purchases made through that pilot.

<sup>3</sup>The USDA Foods in Schools program school year begins on July 1st and ends on June 30th of the following year.

Foods in Schools entitlement for inflation each year.<sup>4</sup> As a result, all spending data presented in this report denote inflation-adjusted school year 2020-21 dollars, unless otherwise specified. We also provide nominal, unadjusted data in appendix III.

### Sorting Data by Food Categories and Pathways for Using Entitlement

To analyze trends in spending by food categories, we sorted the WBSCM and FFAVORS data into seven high-level categories, consistent with how USDA categorizes foods available through the USDA Foods in Schools program, as shown in table 1.

**Table 1: High-Level Food Categories for Analysis of Trends in Spending for the USDA Foods in Schools Program**

GAO category	Examples of foods included in this category
<b>Beef, poultry, and other meats</b>	Beef, chicken, pork
<b>Dairy</b>	Cheese, milk, yogurt
<b>Fruits</b>	Apples, blueberries, peaches
<b>Grains</b>	Flour, pasta, rice
<b>Oils</b>	Vegetable oil
<b>Vegetables</b>	Carrots, legumes, potatoes
<b>Other foods</b>	Herbs, spices, mixed packages containing products from multiple categories

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

To analyze data on purchases for beef, poultry, and other meats in detail, we sorted these items into additional subcategories, consistent with prior USDA analyses, as shown in table 2.

<sup>4</sup>We obtained the Producer Price Index from the Federal Register. FNS adjusts the entitlement rate for inflation each year on July 1st to reflect the annual percentage change in the 3-month average value in March, April, and May of that year across five major food components of the Bureau of Labor Statistics' Producer Price Index. Those components are: (1) cereal and bakery products; (2) meats, poultry, and fish; (3) dairy products; (4) processed fruits and vegetables; and (5) fats and oils. Each component is weighted using the relative weight as determined by the Bureau of Labor Statistics.



**Appendix I: Objectives, Scope, and Methodology**

**Table 2: Subcategories of Beef, Poultry, and Other Meats for Analysis of Trends in Spending for the USDA Foods in Schools Program**

<b>GAO subcategory</b>	<b>Examples of foods included in this subcategory</b>
<b>Beef</b>	Beef crumbles, beef patties
<b>Chicken</b>	Diced chicken, fajita strips, chicken legs
<b>Eggs</b>	Frozen liquid eggs, cooked egg patties
<b>Nuts and seeds</b>	Peanut butter, shelled peanuts
<b>Pork</b>	Diced ham, pork leg roast
<b>Seafood</b>	Canned tuna, catfish strips, Alaska Pollock
<b>Turkey</b>	Smoked turkey breast; boneless, skinless turkey thighs

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Note: USDA data for school years 2014-15 through 2020-21 also included a total of \$409, inflation-adjusted, in tofu purchases. Given the small volume of tofu purchases, we excluded the tofu subcategory from our analysis.

To analyze data on produce purchases in detail, we sorted all fruits and vegetables into two categories: (1) fresh fruits and vegetables, and (2) other fruits and vegetables, i.e., canned, dried, and frozen produce as well as products labeled as juice.

In addition to sorting data based on food categories, we also sorted WBSCM data to differentiate between purchases for the Direct Delivery and Further Processing pathways. To determine the most accurate way to sort the WBSCM data, we interviewed FNS’s senior technical advisor responsible for managing the WBSCM data. We learned that because WBSCM does not include a flag that differentiates Direct Delivery and Further Processing purchases, we would need to manually crosswalk FNS’s list of national processors with the “ship-to” recipient in the WBSCM data. That is, when USDA shipped a product to one of the national processors, we coded that purchase as Further Processing. We coded all other purchases in the WBSCM data as Direct Delivery.

FNS’s senior technical advisor responsible for managing the WBSCM data estimated that coding the WBSCM data in this way would capture 99 percent of Further Processing purchases. However, because it was not possible to sort WBSCM data with perfect accuracy, it is possible that our analysis slightly under-counts USDA Foods in Schools purchases made through the Further Processing pathway and slightly over-counts Direct Delivery purchases. Since USDA DoD Fresh purchases are isolated to the FFAVORS database, such purchases were unaffected by our sorting of the WBSCM data.

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For all sorting described above, a second analyst independently verified and confirmed the accuracy of the categories before we conducted further analyses of trends in spending.

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## Web-based Survey of State Agencies

To understand the challenges states and selected SFAs faced in operating the USDA Foods in Schools program, and the assistance USDA provided, we designed and administered a web-based survey to all state and territory agencies that administer the USDA Foods in Schools program. We sent the survey to state and territory officials who oversee the USDA Foods in Schools program, which we identified using the list of contacts on FNS's website. We confirmed this list of contacts with the states, the District of Columbia, and territories before launching the survey. State and territory officials could request an electronic copy of the survey to review before completing it, and were able to forward the survey to other officials in their agencies best equipped to answer questions related to operating the USDA Foods in Schools program. The survey included open- and closed-ended questions about:

- Challenges states faced in operating the USDA Foods in Schools program;
- Types of assistance states received from USDA to operate the USDA Foods in Schools program; and
- Value pass-through systems states used in the Further Processing pathway.

We defined our target population as all administering agencies in the 50 U.S. states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands, which all participated to some extent in the USDA Foods in Schools program.<sup>5</sup> This target population excluded the Northern Mariana Islands and American Samoa, because they do not participate in the USDA Foods in Schools program. Of the 54 states included in our survey population, 52 states participate in the traditional model of the USDA Foods in Schools program, while Guam only participates in the USDA DoD Fresh pathway of the program, and Kansas receives cash in lieu of USDA Foods. We included Guam and Kansas in the survey so that we could gather their unique perspectives, which we analyzed separately from survey responses from the other 52 states. Throughout this report, results from our survey exclude Guam and Kansas.

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<sup>5</sup>For reporting purposes, we use the term "states" to refer to states, the District of Columbia, and territories.

Because this was not a sample survey, it has no sampling error. However, the practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. To minimize any nonsampling error and to ensure the quality and reliability of the survey, we pretested the questionnaire with four states that vary in size and geographic location, among other factors. We provided each state with a copy of the draft survey questionnaire in advance of the pretest, and conducted all pretests on separate video calls. We conducted the pretests to check (1) the clarity and flow of the questions, (2) the appropriateness of the terminology used, (3) if the information could be easily obtained and whether there were concerns about the reliability of the data that would be collected, and (4) if the survey was comprehensive and unbiased. We revised the questionnaire based on the pretests.

We administered the survey electronically from August to September 2022. We received a 100 percent response rate to the survey. To obtain this response rate, we contacted states that had not yet completed the survey via email and phone throughout the period the survey was open. Upon receiving all responses and closing the survey, we reviewed responses to assess whether they were consistent and contained all relevant information. We contacted one state to clarify a response. The questionnaire used for this study, along with the full results of the closed-ended questions, is in appendix IV.

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## Interviews with Selected States and SFAs

To understand the trends in spending for the USDA Foods in Schools program, challenges selected states and SFAs faced in operating the program, and the assistance USDA provided to states, we interviewed officials from a non-generalizable sample of four states (California, Illinois, Louisiana, and New Hampshire) and eight SFAs within those states.

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## State Selection and Discussion Topics

We selected the states to represent a range of perspectives across four criteria.

1. **Program size.** We used USDA data on the average USDA Foods in Schools entitlement used for each state and territory from school years 2015-16 through 2018-19 to approximate the size of NSLP in each state and territory. We divided the states, the District of Columbia, and territories into three groups by program size. Because the top four states had, on average, substantially higher entitlements, we put them in one group, and divided the remaining states, the District of Columbia, and territories into two similar-sized groups. We selected states to represent a range of program size.

2. **Use of different program options.** We reviewed USDA data on the average percentage of the USDA Foods in Schools entitlement from school years 2015-16 through 2018-19 that each state used on the Direct Delivery and Further Processing pathways. Data on the USDA DoD Fresh pathway were unavailable at the time of our selection. Because four states and territories used all of their entitlement, on average, on Direct Delivery, we put those into one group, and divided the remaining states and territories into three similar-sized groups. We selected states to represent a range in their use of different program options.
3. **Geographic diversity.** We used the seven FNS regions as a proxy for geographic diversity and selected states in different regions.
4. **State agency that administers the USDA Foods in Schools program.** We used FNS's publicly available list of USDA Foods in Schools state agency contacts to determine which state agencies administer the program and selected different state agencies (e.g., department of education, department of agriculture) to obtain diverse perspectives on program administration.

We considered several factors in addition to the criteria described above. For example, we ensured that the selected states had more than one SFA in the state and at least one urban, suburban, and rural SFA. We also ensured that some of the selected states had at least one SFA that operated an alternative to the traditional USDA Foods in Schools program model (i.e., cash in lieu of commodities or commodity letters of credit).<sup>6</sup>

With officials in each state, we discussed trends in the use of USDA Foods in Schools entitlement over the past 5 school years, the program's benefits and challenges, the types of assistance and training the state received from FNS, the types of value pass-through systems the states used, and the effect of the pandemic on program operations.

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School Food Authority Selection and Discussion Topics

We interviewed officials in eight SFAs across the four states using school districts as a proxy for SFAs. We obtained a list of school districts and locale codes from the Department of Education's Common Core of Data.

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<sup>6</sup>In the 1980s USDA piloted two alternatives to the typical model of USDA Foods in Schools, called "cash in lieu of commodities" and "commodity letters of credit," that provided SFAs with cash to purchase food directly rather than receiving USDA Foods. After the pilot ended, SFAs that participated could opt to continue to operate under the alternative model or return to typical USDA Foods in Schools operations. According to FNS data as of school year 2021-22, 48 SFAs continued to operate under cash in lieu of commodities or commodity letters of credit.

We categorized each district as either rural, suburban, or urban by consolidating the Common Core of Data locale codes (see table 3).

**Table 3: GAO Urbanicity Categories for Selection of School Food Authorities**

GAO category	Common Core database locale codes
Urban	City (large, midsize, small)
Suburban	Suburban (large, midsize, small)
Rural	Town (fringe, distant, remote) and Rural (fringe, distant, remote)

Source: GAO summary of U.S. Department of Education Common Core of Data information. | GAO-23-105697

In general, we randomly selected SFAs to represent a range of urbanicity within each state—for example, we included at least one large, urban SFA in addition to smaller, more rural SFAs. We also purposely selected an SFA that received cash in lieu of commodities for the USDA Foods in Schools program. With officials in each SFA, we discussed the factors that affected how they allocate their USDA Foods in Schools entitlement between the different program pathways, the program’s benefits and challenges, ways to improve the program, and the types of value pass-through systems the SFA used.

We conducted this performance audit from January 2022 to June 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Information on the Use of Value Pass-through Systems When Diverting USDA Foods for Further Processing

School food authorities (SFA) have the option to divert U.S. Department of Agriculture (USDA) Foods to commercial processors for further processing into a variety of convenient, ready-to-use products (e.g., processing bulk USDA Foods apples into individual applesauce cups). When SFAs choose to use this option, processors must return the full value of the USDA Foods contained in the finished products to the SFA through one of several approved accounting mechanisms, referred to as “value pass-through systems” (see table 4).<sup>1</sup>

**Table 4: Available Value Pass-through Systems for the USDA Foods in Schools Program**

Value pass-through system	Description
<b>Refund or rebate</b>	A processor sells end products at the commercial, or gross, price and must provide a refund or rebate for the value of the USDA Foods contained in or needed to produce the products. Products sold under this value pass-through system begin as commercial sales and are not recognized as sales of end products containing USDA Foods until USDA Foods inventory is confirmed and the rebate issued.
<b>Direct discount or direct sale</b>	A processor sells end products directly to the state or school food authority (SFA) at a net price that incorporates a discount from the commercial case price for the value of USDA Foods contained in or needed to produce the products.
<b>Indirect discount or net off invoice (NOI)</b>	A processor delivers end products to a commercial distributor, which must sell the products to an eligible state or SFA at a net price that incorporates a discount from the commercial case price for the value of USDA Foods contained in or needed to produce the products. A commercial distributor is always involved under this system.
<b>Closed stock-keeping-unit (SKU) NOI</b>	A processor sets up a separate SKU for a NOI product and restricts the sale of that product to states and SFAs with the necessary USDA Foods inventory. This is an allowable internal accounting mechanism provided it follows the procedures outlined for indirect discount or NOI. The most common use of this practice is for sale of beef and pork end products.
<b>Direct fee-for-service (FFS)</b>	The state or SFA procures end products directly from the processor and pays the FFS price, which includes all production costs except the value of the USDA Foods. Either the processor delivers the product to the state or SFA or the state or SFA picks the product up from the processor.
<b>FFS through a distributor</b>	The state or SFA procures end products directly from the processor and separately procures storage and/or distribution services from a distributor. The processor provides product to a distributor with a breakout of which state or SFA owns which products. The state or SFA pays the processor the FFS price and separately pays the distributor a fee for storage and/or distribution.
<b>Modified FFS</b>	The state or SFA procures end products from a distributor, pays the distributor the FFS price plus a fixed fee for storage and distribution, and the distributor delivers the product to the state or SFA. The distributor, acting as the state's or SFA's authorized agent, procures and purchases products produced with USDA Foods from the processor on behalf of the state or SFA and pays the processor the FFS price.

Source: GAO analysis of U.S. Department of Agriculture (USDA) policy memorandum. | GAO-23-105697

<sup>1</sup>For more information, see U.S. Department of Agriculture, Policy No. FD-40: Inventory Draw Down in USDA Foods Processing (Revised July 2021), and 7 C.F.R. 250 Subpart C: Processing of Donated Foods.

**Appendix II: Information on the Use of Value Pass-through Systems When Diverting USDA Foods for Further Processing**

According to USDA, states determine which value pass-through systems to allow in their state. While this means there is variation across states in the use of value pass-through systems, at least some states reported using each of the value pass-through systems to some extent in school year 2021-22, based on our state survey (see table 5). States most commonly reported using Net Off Invoice (NOI), Direct Fee-for-Service (FFS), and FFS through a distributor.

**Table 5: Frequency of Use of Each Value Pass-through System in Each State, School Year 2021-22**

Value pass-through system	Number of states						
	Always <sup>a</sup>	Often	Sometimes	Rarely	Never	Not an approved option	Don't know
Refund or rebate	4	4	9	13	5	12	3
Direct discount or direct sale	3	5	10	6	8	13	4
Indirect discount or net off invoice (NOI)	11	21	2	1	4	9	2
Closed stock-keeping-unit (SKU) NOI	3	3	5	5	12	14	8
Direct fee-for-service (FFS)	9	12	9	5	3	9	4
FFS through a distributor	4	16	10	2	6	10	3
Modified FFS	3	9	9	4	11	9	6

Source: GAO analysis of state survey results. | GAO-23-105697

Notes: GAO administered the survey from August to September 2022. This table includes data from the 52 states that participate in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term "states" to refer to states, the District of Columbia, and territories.

<sup>a</sup>On our survey, some states used the "Always" response option in addition to other response options. This may indicate that some school food authorities in those states always used a given value pass-through system, but that system was not the only one used in their state.

In general, states that used each value pass-through system reported that system was at least somewhat useful for facilitating USDA Foods in Schools program operations (see table 6).

**Table 6: Usefulness of Value Pass-Through Systems in the Further Processing Pathway of the USDA Foods in Schools Program, School Year 2021-22**

Value Pass-through System	Number of states						Total
	Extremely Useful	Very Useful	Moderately Useful	Somewhat Useful	Not Useful	Don't Know	
Refund or rebate	7	5	7	6	0	5	30
Direct discount or direct sale	6	8	6	2	0	2	24

**Appendix II: Information on the Use of Value Pass-through Systems When Diverting USDA Foods for Further Processing**

Value Pass-through System	Number of states						Total
	Extremely Useful	Very Useful	Moderately Useful	Somewhat Useful	Not Useful	Don't Know	
Indirect discount or net off invoice (NOI)	13	12	8	1	0	1	<b>35</b>
Closed stock-keeping-unit (SKU) NOI	4	3	2	5	1	1	<b>16</b>
Direct fee-for-service (FFS)	11	12	9	1	0	2	<b>35</b>
FFS through a distributor	7	11	10	3	0	1	<b>32</b>
Modified FFS	5	6	5	7	0	1	<b>24</b>

Source: GAO analysis of state survey results. | GAO-23-105697

Note: GAO administered the survey from August to September 2022. This table includes data from the 52 states that participate in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term "state" to refer to states, the District of Columbia, and territories.

In addition to the value pass-through systems described above, we surveyed states about their use of the Alternative Value Pass-through system allowed under the USDA Department of Defense Fresh Fruit and Vegetable program (USDA DoD Fresh). USDA began piloting this system in May 2015 with a goal of maximizing SFAs' access to USDA DoD Fresh produce, particularly for smaller SFAs such as charter schools, which may not have the capacity on site to receive and prepare produce for school meals. FNS staff said the pilot was still active, though there was only one processor using this value pass-through system in two states.

Officials from the three SFAs we interviewed that had experience with Further Processing described a variety of factors that helped determine which value pass-through system they used. For example, SFA officials said that they let the processors choose which value pass-through system to use, particularly in instances where the SFA did not have a preferred system. According to these officials, letting the processors choose the value pass-through system made it easier for the SFAs to work with processors and was beneficial to the processor because they were already familiar with how the system worked. In terms of preferences, SFA officials said they preferred the indirect discount or NOI value pass-through system because, for example, it was easy to monitor and ensure the processor returned the appropriate value to the SFA, according to officials.

As noted, states also have discretion to determine which value pass-through systems to allow in their state, which can be a factor in determining which system SFAs and processors used. Officials from two of the four selected states (California and Illinois) we interviewed said



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**Appendix II: Information on the Use of Value  
Pass-through Systems When Diverting USDA  
Foods for Further Processing**

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their state allowed SFAs to use any of the available value pass-through systems. Louisiana officials said the state allowed three value pass-through systems: Direct Discount or Direct Sale, FFS, and Rebate. Louisiana officials said the state limited the value pass-through systems available because the state did not have the staff capacity to oversee additional systems, such as NOI, effectively. At the time of our interview, there were no value pass-through systems in use in New Hampshire because the state did not offer SFAs in the state the option to divert USDA Foods for Further Processing. New Hampshire officials said they were working to start offering Further Processing in the state in the coming years.

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# Appendix III: Additional Data on Spending for the USDA Foods in Schools Program

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This appendix contains several tables showing nominal data (i.e., unadjusted for inflation) from our analysis of the U.S. Department of Agriculture (USDA) Food and Nutrition Service's data on purchases for the USDA Foods in Schools program from school year 2014-15 through 2020-21, the most recent data available at the time of our analysis. See appendix I for additional information about how we analyzed these data. We include the following tables in this appendix:

- **Table 7:** USDA Foods in Schools program purchases by pathways for using entitlements, disaggregated by school year.
- **Table 8:** Average percentage of USDA Foods in Schools program entitlement used in each pathway, disaggregated by state.
- **Table 9:** Average USDA Foods in Schools program purchases by food categories, disaggregated by school year.
- **Table 10:** Average USDA Foods in Schools program purchases by food categories, disaggregated by state.
- **Table 11:** USDA Foods in Schools program purchases by beef, poultry, and other meats subcategories, disaggregated by school year.
- **Table 12:** Average USDA Foods in Schools program purchases by beef, poultry, and other meats subcategories, disaggregated by state.
- **Table 13:** USDA Foods in Schools program purchases by fruit and vegetable subcategories, disaggregated by school year.
- **Table 14:** Average USDA Foods in Schools program purchases by fruit and vegetable subcategories, disaggregated by state.

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**Table 7: USDA Foods in Schools Program Purchases by Pathways for Using Entitlement, School Years 2014-15 through 2020-21**

School year	Pathway			Total (in dollars)
	Direct Delivery (in dollars)	Further Processing (in dollars)	USDA DoD Fresh (in dollars)	
2014-15	663,439,784	721,501,207	153,258,397	<b>1,538,199,388</b>
2015-16	646,705,927	652,469,575	198,291,995	<b>1,497,467,497</b>
2016-17	699,997,971	684,315,679	239,569,264	<b>1,623,882,914</b>
2017-18	658,034,837	633,572,461	271,596,655	<b>1,563,203,953</b>
2018-19	648,657,221	656,744,545	305,980,922	<b>1,611,382,688</b>
2019-20	630,219,715	671,447,115	355,590,176	<b>1,657,257,006</b>
2020-21	475,829,252	337,365,598	485,161,498	<b>1,298,356,348</b>

Legend: USDA DoD Fresh = USDA Department of Defense Fresh Fruit and Vegetable program

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Note: Data presented in this table are not adjusted for inflation, i.e., the data represent nominal data on actual purchases through the USDA Foods in Schools program in each school year listed.

**Table 8: Average Percentage of USDA Foods in Schools Program Entitlement Used in Each Pathway of the Program by State, School Years 2014-15 through 2018-19**

State	Pathway		
	Further Processing spending (percent)	Direct Delivery spending (percent)	USDA DoD Fresh spending (percent)
AK	10.3	68.9	20.8
AL	7.0	78.9	14.1
AR	11.1	74.8	14.1
AZ	42.9	36.7	20.4
CA	57.2	33.0	9.8
CO	37.0	37.0	26.0
CT	34.6	38.8	26.6
DC	59.3	0.0	40.7
DE	47.2	52.8	0.0
FL	64.6	27.7	7.7
GA	36.8	36.9	26.3
GU	0.0	0.0	100.0
HI	2.2	39.6	58.2
IA	34.0	44.1	21.9
ID	35.4	55.0	9.6
IL	44.9	34.3	20.7

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State	Pathway		
	Further Processing spending (percent)	Direct Delivery spending (percent)	USDA DoD Fresh spending (percent)
IN	60.0	37.2	2.8
KY	39.5	46.4	14.2
LA	22.6	61.8	15.6
MA	16.6	68.7	14.7
MD	75.4	18.4	6.2
ME	8.4	85.4	6.2
MI	66.5	17.7	15.8
MN	21.7	50.2	28.1
MO	37.6	58.1	4.2
MS	0.0	88.8	11.2
MT	12.1	75.3	12.5
NC	33.9	58.3	7.8
ND	24.7	63.4	11.8
NE	20.9	62.1	17.1
NH	0.0	91.1	8.9
NJ	35.5	46.2	18.3
NM	32.2	49.5	18.3
NV	61.0	32.2	6.9
NY	45.9	37.5	16.5
OH	53.8	34.9	11.4
OK	38.1	49.6	12.3
OR	27.9	63.1	9.0
PA	42.5	52.3	5.3
PR	0.0	99.3	0.7
RI	20.1	58.7	21.2
SC	25.7	47.9	26.5
SD	16.7	43.3	40.0
TN	36.0	36.5	27.6
TX	52.4	31.2	16.4
UT	41.3	42.6	16.1
VA	41.0	35.4	23.6
VI	0.0	95.5	4.5
VT	0.9	80.3	18.8
WA	40.2	42.9	16.9
WI	45.3	45.7	9.0

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State	Pathway		
	Further Processing spending (percent)	Direct Delivery spending (percent)	USDA DoD Fresh spending (percent)
WV	8.8	84.6	6.6
WY	21.9	52.7	25.4

Legend: USDA DoD Fresh = USDA Department of Defense Fresh Fruit and Vegetable program; GU = Guam, which only participates in the USDA DoD Fresh pathway; PR = Puerto Rico; VI = U.S. Virgin Island

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

**Table 9: USDA Foods in Schools Program Purchases by Food Categories, School Years 2014-15 through 2020-21**

(Numbers in dollars)

Food categories	School year						
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Beef, poultry, and other meats <sup>a</sup>	724,759,089	638,475,391	710,100,359	636,284,550	630,943,845	616,026,003	318,481,299
Dairy	300,241,673	271,293,105	289,999,185	275,397,621	264,819,488	296,165,895	191,478,778
Fruit	337,317,014	401,546,887	423,582,467	425,914,984	483,938,525	487,890,649	512,143,945
Grains	16,424,547	13,686,927	14,329,843	15,346,286	12,957,927	9,450,189	7,310,166
Oils	4,740,196	4,186,436	4,553,607	3,462,341	3,274,535	3,100,101	2,686,578
Other <sup>b</sup>	79,960	197,952	173,600	421,701	212,700	108,085	915,449
Vegetables	154,636,895	168,080,797	181,143,853	206,376,470	215,235,667	244,516,084	265,340,062
<b>Total</b>	<b>1,538,199,374</b>	<b>1,497,467,495</b>	<b>1,623,882,914</b>	<b>1,563,203,953</b>	<b>1,611,382,687</b>	<b>1,657,257,006</b>	<b>1,298,356,277</b>

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Note: Data presented in this table are not adjusted for inflation, i.e., the data represent nominal data on actual purchases through the USDA Foods in Schools program in each school year listed.

<sup>a</sup>Included beef, chicken, eggs, nuts and seeds, pork, seafood, and turkey. Within this category, the three most-purchased foods were beef, chicken, and turkey.

<sup>b</sup>Included herbs, spices, and mixed packages containing products from multiple categories.

**Table 10: Average USDA Foods in Schools Program Purchases by Food Categories and by State, School Years 2014-15 through 2018-19**

State		Food categories							Total (in dollars)
		Beef, poultry, and other meats <sup>a</sup>	Dairy	Fruit	Grains	Oils	Other <sup>b</sup>	Vegetable	
AK	Dollar value	804,893	407,400	1,188,232	36,060	7,315	0	499,233	<b>2,943,133</b>
	Percentage	27.0	14.0	40.4	1.3	0.2	0.0	17.1	
AL	Dollar value	11,513,161	4,102,390	7,982,724	89,164	0	0	3,669,329	<b>27,356,768</b>

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State	Food categories								Total (in dollars)
	Beef, poultry, and other meats <sup>a</sup>	Dairy	Fruit	Grains	Oils	Other <sup>b</sup>	Vegetable		
	Percentage	42.0	15.1	29.1	0.3	0.0	0.0	13.4	
AR	Dollar value	7,733,584	2,377,927	4,247,651	201,909	256,692	646	2,338,875	<b>17,157,284</b>
	Percentage	45.3	13.8	24.6	1.2	1.5	0.0	13.6	
AZ	Dollar value	13,995,515	6,572,228	9,104,008	343,145	48,576	18,350	4,138,804	<b>34,220,626</b>
	Percentage	40.9	19.3	26.5	1.0	0.1	0.1	12.1	
CA	Dollar value	88,013,318	34,725,922	37,705,133	824,014	369,663	0	12,294,378	<b>173,932,427</b>
	Percentage	50.6	20.0	21.7	0.5	0.2	0.0	7.1	
CO	Dollar value	7,214,308	3,122,491	6,479,835	42,728	14,295	4,171	2,284,301	<b>19,162,130</b>
	Percentage	37.7	16.2	33.9	0.2	0.1	0.0	11.9	
CT	Dollar value	5,785,383	2,891,273	3,222,152	5,221	16,320	102	2,380,325	<b>14,300,776</b>
	Percentage	40.5	20.3	22.4	0.0	0.1	0.0	16.6	
DC	Dollar value	1,067,417	534,235	1,090,789	0	0	203	288,635	<b>2,981,279</b>
	Percentage	35.7	17.9	36.9	0.0	0.0	0.0	9.5	
DE	Dollar value	2,331,320	1,030,140	1,393,839	14,476	0	0	436,165	<b>5,205,940</b>
	Percentage	44.7	19.9	26.9	0.3	0.0	0.0	8.3	
FL	Dollar value	39,358,395	21,208,388	22,982,558	161,210	0	1,826	8,020,219	<b>91,732,597</b>
	Percentage	42.9	23.1	25.1	0.2	0.0	0.0	8.8	
GA	Dollar value	25,398,609	8,078,540	20,443,538	88,488	133,881	0	11,142,866	<b>65,285,923</b>
	Percentage	39.1	12.4	31.2	0.1	0.2	0.0	17.0	
GU	Dollar value	0	0	216,318	0	0	117	67,055	<b>283,490</b>
	Percentage	0.0	0.0	76.3	0.0	0.0	0.0	23.6	
HI	Dollar value	1,190,246	388,048	1,736,911	473,111	13,037	1,212	1,954,162	<b>5,756,727</b>
	Percentage	20.7	6.7	30.1	8.3	0.2	0.0	34.0	
IA	Dollar value	8,439,365	2,751,251	5,683,183	298,232	41,043	0	3,084,914	<b>20,297,987</b>
	Percentage	41.4	13.5	28.2	1.5	0.2	0.0	15.3	
ID	Dollar value	3,433,639	510,099	2,124,410	195,834	37,915	66	955,215	<b>7,257,177</b>
	Percentage	47.2	7.0	29.4	2.7	0.5	0.0	13.2	
IL	Dollar value	18,097,306	10,423,491	18,276,443	812,061	329,793	9,152	9,213,940	<b>57,162,186</b>
	Percentage	31.7	18.3	31.9	1.4	0.6	0.0	16.1	
IN	Dollar value	19,114,071	8,828,341	7,263,983	96,814	20,870	131	4,021,323	<b>39,345,535</b>
	Percentage	48.6	22.4	18.4	0.2	0.1	0.0	10.2	
KY	Dollar value	12,936,058	4,548,748	6,801,615	27,422	0	1,622	2,959,616	<b>27,275,081</b>
	Percentage	47.4	16.8	24.9	0.1	0.0	0.0	10.8	
LA	Dollar value	12,855,690	2,853,691	6,248,712	943,396	361,147	2,301	4,165,534	<b>27,430,471</b>

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State	Food categories								Total (in dollars)
	Beef, poultry, and other meats <sup>a</sup>	Dairy	Fruit	Grains	Oils	Other <sup>b</sup>	Vegetable		
	Percentage	47.2	10.5	22.5	3.5	1.3	0.0	15.0	
MA	Dollar value	11,754,212	4,479,596	6,992,414	139,862	263,932	13	4,043,607	<b>27,673,636</b>
	Percentage	42.7	16.1	25.2	0.5	1.0	0.0	14.6	
MD	Dollar value	11,673,836	5,333,013	4,235,001	577,888	0	3	1,880,206	<b>23,699,947</b>
	Percentage	49.4	22.6	17.6	2.5	0.0	0.0	7.9	
ME	Dollar value	2,241,661	886,767	1,042,969	55,301	55,805	0	440,922	<b>4,723,425</b>
	Percentage	47.2	18.7	22.3	1.2	1.2	0.0	9.3	
MI	Dollar value	16,409,195	9,703,569	10,240,729	198,405	47,133	0	3,882,574	<b>40,481,606</b>
	Percentage	40.7	24.0	25.2	0.5	0.1	0.0	9.5	
MN	Dollar value	9,730,435	4,232,392	12,543,448	364,193	0	0	5,093,871	<b>31,964,338</b>
	Percentage	30.5	13.3	39.1	1.1	0.0	0.0	15.9	
MO	Dollar value	13,391,601	5,295,339	8,329,642	437,450	246,704	0	3,159,898	<b>30,860,635</b>
	Percentage	43.4	17.1	27.0	1.4	0.8	0.0	10.2	
MS	Dollar value	10,694,434	1,886,696	5,533,908	154,621	75,241	20,264	2,372,791	<b>20,717,955</b>
	Percentage	51.7	9.0	26.7	0.7	0.4	0.1	11.4	
MT	Dollar value	2,015,907	517,637	1,215,233	86,639	16,101	58	570,315	<b>4,421,891</b>
	Percentage	45.6	11.6	27.5	2.0	0.4	0.0	12.9	
NC	Dollar value	18,420,661	7,658,602	15,133,275	208,417	46,483	1,945	5,813,151	<b>47,282,535</b>
	Percentage	39.0	16.2	32.0	0.4	0.1	0.0	12.3	
ND	Dollar value	2,840,827	477,483	1,232,649	24,244	0	0	547,005	<b>5,122,209</b>
	Percentage	55.6	9.3	24.0	0.5	0.0	0.0	10.7	
NE	Dollar value	4,795,124	1,725,786	4,960,128	158,607	61,971	282	2,110,967	<b>13,812,866</b>
	Percentage	34.6	12.6	36.0	1.1	0.4	0.0	15.3	
NH	Dollar value	2,022,232	629,629	1,070,929	97,336	110,697	0	458,226	<b>4,389,050</b>
	Percentage	45.9	14.3	24.5	2.2	2.5	0.0	10.6	
NJ	Dollar value	15,861,991	6,927,714	7,387,270	485,346	12,053	0	6,041,324	<b>36,715,699</b>
	Percentage	43.3	18.9	20.1	1.3	0.0	0.0	16.4	
NM	Dollar value	5,602,386	1,944,533	2,913,679	88,574	40,125	520	1,245,851	<b>11,835,668</b>
	Percentage	47.1	16.3	24.8	0.7	0.3	0.0	10.6	
NV	Dollar value	4,626,675	2,557,924	3,424,365	147,189	0	7	796,542	<b>11,552,702</b>
	Percentage	40.1	22.3	29.4	1.3	0.0	0.0	6.9	
NY	Dollar value	30,376,921	22,811,123	23,478,506	939,895	322,395	0	8,432,756	<b>86,361,596</b>
	Percentage	35.3	26.5	27.1	1.1	0.4	0.0	9.7	
OH	Dollar value	20,352,122	9,643,506	13,814,840	367,660	98,965	43	6,643,130	<b>50,920,266</b>

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State	Food categories							Total (in dollars)	
	Beef, poultry, and other meats <sup>a</sup>	Dairy	Fruit	Grains	Oils	Other <sup>b</sup>	Vegetable		
	Percentage	39.9	18.9	27.2	0.7	0.2	0.0	13.0	
OK	Dollar value	11,095,772	3,404,647	5,392,704	178,881	40,552	913	2,789,387	<b>22,902,856</b>
	Percentage	48.4	14.7	23.7	0.8	0.2	0.0	12.3	
OR	Dollar value	6,131,457	3,074,684	4,646,324	95,115	40,642	224	1,050,871	<b>15,039,316</b>
	Percentage	40.7	20.4	31.0	0.6	0.3	0.0	7.0	
PA	Dollar value	24,313,919	10,752,744	10,521,560	891,809	182,074	0	5,863,169	<b>52,525,275</b>
	Percentage	46.3	20.4	20.0	1.7	0.3	0.0	11.2	
PR	Dollar value	3,590,145	845,869	4,582,043	964,368	112,356	929	2,001,331	<b>12,097,041</b>
	Percentage	32.4	8.2	34.8	7.5	1.0	0.0	16.1	
RI	Dollar value	1,948,859	745,074	1,060,545	2,990	57,539	0	485,266	<b>4,300,273</b>
	Percentage	45.3	17.4	24.6	0.1	1.3	0.0	11.3	
SC	Dollar value	10,414,588	2,858,108	7,481,438	134,221	47,781	0	4,153,024	<b>25,089,161</b>
	Percentage	41.6	11.4	29.8	0.6	0.2	0.0	16.5	
SD	Dollar value	2,389,494	200,202	1,862,236	4,245	0	0	1,066,273	<b>5,522,451</b>
	Percentage	43.3	3.7	33.7	0.1	0.0	0.0	19.3	
TN	Dollar value	16,163,806	3,650,899	9,421,343	32,888	49,022	92,428	5,583,863	<b>34,994,250</b>
	Percentage	46.4	10.6	26.5	0.1	0.1	0.3	16.1	
TX	Dollar value	81,165,359	31,074,169	46,540,993	1,801,423	281,516	47,313	18,755,898	<b>179,666,671</b>
	Percentage	45.2	17.3	25.9	1.0	0.2	0.0	10.4	
UT	Dollar value	8,947,807	2,769,441	4,463,575	304,631	56,137	2,652	2,237,105	<b>18,781,349</b>
	Percentage	47.5	14.8	23.9	1.6	0.3	0.0	11.9	
VA	Dollar value	10,666,740	8,240,225	10,087,762	165,627	18,215	6,508	5,184,230	<b>34,369,309</b>
	Percentage	31.2	24.0	29.3	0.5	0.1	0.0	15.0	
VI	Dollar value	221,038	33,832	152,306	30,944	0	177	70,225	<b>508,522</b>
	Percentage	42.9	5.9	32.6	5.1	0.0	0.0	13.5	
VT	Dollar value	1,030,605	492,676	466,899	25,199	19,350	1,178	336,832	<b>2,372,739</b>
	Percentage	43.1	21.0	19.8	1.1	0.8	0.0	14.2	
WA	Dollar value	10,681,235	4,213,401	9,347,972	229,060	82,400	1,713	2,870,664	<b>27,426,445</b>
	Percentage	39.0	15.5	33.9	0.8	0.3	0.0	10.4	
WI	Dollar value	11,806,462	4,437,716	7,028,884	347,146	0	0	3,249,966	<b>26,870,174</b>
	Percentage	43.9	16.5	26.3	1.3	0.0	0.0	12.1	
WV	Dollar value	4,341,705	1,278,868	2,882,096	148,211	7,686	0	1,519,963	<b>10,178,530</b>
	Percentage	42.5	12.6	28.3	1.5	0.1	0.0	14.9	
WY	Dollar value	1,111,158	231,747	823,537	7,434	0	135	442,053	<b>2,616,064</b>



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State	Food categories							Total (in dollars)
	Beef, poultry, and other meats <sup>a</sup>	Dairy	Fruit	Grains	Oils	Other <sup>b</sup>	Vegetable	
Percentage	42.4	8.9	31.5	0.3	0.0	0.0	16.9	

Legend: GU = Guam, which only participates in the USDA Department of Defense Fresh Fruit and Vegetable pathway; PR = Puerto Rico; VI = U.S. Virgin Islands

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Notes: Data presented in this table are not adjusted for inflation, i.e., the data represent nominal data on actual purchases through the USDA Foods in Schools program in each school year listed. For a given state, purchases across all food categories may not sum exactly to the value in the "Total" column due to rounding.

<sup>a</sup>Included beef, chicken, eggs, nuts and seeds, pork, seafood, and turkey. Within this category, the three most-purchased foods were beef, chicken, and turkey.

<sup>b</sup>Included herbs, spices, and mixed packages containing products from multiple categories.

**Table 11: USDA Foods in Schools Program Purchases by Beef, Poultry, and Other Meats Subcategories, School Years 2014-15 through 2020-21**

(in dollars)

	School year						
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Beef	343,705,259	280,042,270	286,370,166	278,003,826	273,553,608	283,218,936	153,084,595
Chicken	229,489,737	212,099,114	225,062,925	210,952,567	214,218,124	204,747,110	83,525,410
Eggs	13,151,750	15,678,167	6,128,107	9,345,751	15,364,198	10,238,724	5,725,001
Nuts/Seeds	8,477,658	9,120,655	9,213,693	8,473,051	6,412,640	5,868,226	8,104,607
Pork	39,406,575	34,442,851	50,610,538	47,012,587	34,294,483	33,565,486	19,876,025
Seafood	10,072,459	11,441,453	13,442,036	15,769,731	16,301,159	14,582,049	7,813,732
Turkey	80,455,651	75,650,881	119,272,894	66,727,037	70,799,418	63,805,291	40,351,929

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Note: Data presented in this table are not adjusted for inflation, i.e., the data represent nominal data on actual purchases through the USDA Foods in Schools program in each school year listed.

**Table 12: Average USDA Foods in Schools Program Purchases by Beef, Poultry, and Other Meats Subcategories and by State, School Years 2014-15 through 2018-19**

(in dollars)

State	Beef	Chicken	Eggs	Nuts/Seeds	Pork	Seafood	Turkey	Total
AK	491,895	214,729	8,307	6,828	45,033	18,609	19,491	<b>804,893</b>
AL	4,548,517	3,068,210	87,595	0	1,469,115	272,594	2,067,130	<b>11,513,161</b>
AR	3,034,664	2,303,217	185,122	526	833,220	317,551	1,059,285	<b>7,733,584</b>
AZ	5,999,068	4,567,812	357,548	262,830	712,699	175,430	1,920,128	<b>13,995,516</b>
CA	40,362,679	27,940,965	1,649,922	1,245,244	3,793,137	762,640	12,258,732	<b>88,013,319</b>

**Appendix III: Additional Data on Spending for  
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<b>State</b>	<b>Beef</b>	<b>Chicken</b>	<b>Eggs</b>	<b>Nuts/Seeds</b>	<b>Pork</b>	<b>Seafood</b>	<b>Turkey</b>	<b>Total</b>
CO	2,839,728	2,532,164	126,012	123,116	539,892	8,068	1,045,328	<b>7,214,308</b>
CT	3,156,101	1,909,460	74,914	344	18,239	82,869	543,457	<b>5,785,383</b>
DC	304,143	417,591	59,320	0	0	13,873	272,489	<b>1,067,417</b>
DE	833,239	921,308	36,946	67,960	50,659	121,016	300,192	<b>2,331,320</b>
FL	14,720,233	14,175,803	959,625	976,965	2,416,223	507,921	5,601,624	<b>39,358,395</b>
GA	9,707,313	10,570,161	329,417	187,982	1,930,240	711,530	1,961,968	<b>25,398,610</b>
HI	1,841,158	0	16,982	0	0	0	125,604	<b>1,983,744</b>
IA	4,016,443	1,863,693	235,792	93,535	1,150,955	72,566	1,006,380	<b>8,439,364</b>
ID	1,754,447	1,026,573	118,954	54,067	246,333	61,183	172,082	<b>3,433,639</b>
IL	6,597,868	6,884,664	535,420	370,781	1,000,879	634,852	2,072,841	<b>18,097,305</b>
IN	8,373,257	6,269,484	261,669	467,646	1,588,452	149,877	2,003,685	<b>19,114,071</b>
KY	5,900,995	4,170,227	166,251	134,411	1,203,571	41,263	1,319,340	<b>12,936,058</b>
LA	6,329,658	3,346,795	198,082	0	1,033,497	245,122	1,702,537	<b>12,855,690</b>
MA	4,520,983	3,853,296	296,777	76,058	801,044	424,121	1,781,934	<b>11,754,212</b>
MD	5,070,404	4,548,250	134,106	254,367	583,988	299,885	782,835	<b>11,673,835</b>
ME	868,063	532,564	71,991	20,613	366,737	102,205	279,488	<b>2,241,661</b>
MI	7,397,007	5,912,810	241,641	121,217	323,519	98,129	2,314,872	<b>16,409,195</b>
MN	4,696,148	3,206,835	142,754	103,243	410,246	74,668	1,096,542	<b>9,730,435</b>
MO	5,554,177	4,281,560	333,077	183,824	1,116,065	363,190	1,559,709	<b>13,391,601</b>
MS	4,911,552	2,636,781	16,289	0	1,246,019	738,447	1,145,345	<b>10,694,434</b>
MT	904,088	437,473	66,952	25,587	296,767	37,952	247,088	<b>2,015,906</b>
NC	8,160,541	5,756,006	164,724	247,605	1,401,909	558,650	2,131,226	<b>18,420,661</b>
ND	1,596,331	818,331	17,818	21,780	197,127	9,205	180,235	<b>2,840,827</b>
NE	1,892,726	1,152,348	217,628	73,858	467,059	24,615	966,890	<b>4,795,124</b>
NH	873,183	368,445	52,736	0	252,026	39,710	436,132	<b>2,022,231</b>
NJ	6,398,384	5,648,081	329,748	55,485	338,511	365,910	2,725,871	<b>15,861,991</b>
NM	2,663,236	1,405,103	111,056	27,778	650,227	58,752	686,233	<b>5,602,386</b>
NV	1,875,756	2,229,560	40,180	0	46,112	0	435,023	<b>4,626,632</b>
NY	12,701,258	10,405,632	593,213	1,018,829	596,128	730,449	4,331,413	<b>30,376,921</b>
OH	8,744,926	7,504,370	269,744	405,473	821,015	148,426	2,458,169	<b>20,352,123</b>
OK	4,772,873	3,188,290	225,445	117,934	914,148	330,522	1,546,560	<b>11,095,772</b>
OR	2,486,001	2,101,843	85,539	139,395	504,963	156,788	656,929	<b>6,131,457</b>
PA	9,993,234	8,273,338	386,242	353,075	1,740,736	358,923	3,208,371	<b>24,313,919</b>
PR	1,178,261	558,306	0	52,294	1,235,159	566,125	0	<b>3,590,145</b>
RI	893,994	655,957	34,756	0	45,914	53,031	265,206	<b>1,948,858</b>
SC	4,290,611	3,601,920	131,644	46,773	893,927	308,780	1,140,934	<b>10,414,588</b>
SD	1,687,163	508,576	13,635	1,096	45,458	0	133,565	<b>2,389,494</b>

**Appendix III: Additional Data on Spending for  
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State	Beef	Chicken	Eggs	Nuts/Seeds	Pork	Seafood	Turkey	Total
TN	7,065,047	4,797,358	114,252	179,093	1,572,371	265,130	2,170,556	<b>16,163,806</b>
TX	39,460,347	26,913,453	1,386,126	376,979	2,396,386	2,213,252	8,418,815	<b>81,165,358</b>
UT	3,898,507	2,701,411	158,478	88,496	1,026,324	23,556	1,051,036	<b>8,947,808</b>
VA	4,754,762	3,236,556	163,410	159,214	969,966	328,305	1,054,529	<b>10,666,741</b>
VI	64,686	64,270	0	0	0	16,322	75,759	<b>221,038</b>
VT	365,771	275,146	20,453	9,485	137,322	32,308	190,121	<b>1,030,605</b>
WA	5,090,663	3,421,067	274,728	61,793	304,281	181,120	1,347,582	<b>10,681,235</b>
WI	4,530,027	3,853,663	248,052	125,487	1,160,986	136,544	1,751,703	<b>11,806,462</b>
WV	2,379,522	992,126	180,446	0	185,606	157,200	446,806	<b>4,341,705</b>
WY	519,849	340,912	8,872	474	73,218	6,183	161,650	<b>1,111,158</b>

Legend: PR = Puerto Rico; VI = U.S. Virgin Islands

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Notes: Data presented in this table are not adjusted for inflation, i.e., the data represent nominal data on actual purchases through the USDA Foods in Schools program in each school year listed. This table does not include Guam because Guam only participates in the USDA Department of Defense Fresh Fruit and Vegetable pathway, and thus, did not use any of its USDA Foods in Schools entitlement for any of the foods included in this table. For a given state, purchases across all food categories may not sum exactly to the value in the "Total" column due to rounding.

**Table 13: USDA Foods in Schools Program Purchases by Fruits and Vegetables Subcategories, School Years 2014-15 through 2020-21**

(in dollars)

	School year						
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Fresh fruits	103,151,466	136,997,755	174,738,353	194,318,583	216,341,983	235,945,411	307,405,692
Fresh vegetables	72,202,832	87,110,112	98,490,622	116,596,079	129,963,392	156,996,183	198,060,198
Other fruits	234,165,548	264,549,131	248,844,115	231,596,401	267,596,542	251,945,238	204,738,254
Other vegetables	82,434,063	80,970,685	82,653,232	89,780,391	85,272,275	87,519,901	67,279,864
<b>Total fresh fruits and vegetables</b>	<b>175,354,298</b>	<b>224,107,867</b>	<b>273,228,975</b>	<b>310,914,662</b>	<b>346,305,375</b>	<b>392,941,594</b>	<b>505,465,890</b>
<b>Total other fruits and vegetables</b>	<b>316,599,611</b>	<b>345,519,816</b>	<b>331,497,347</b>	<b>321,376,792</b>	<b>352,868,817</b>	<b>339,465,139</b>	<b>272,018,118</b>
<b>Total</b>	<b>491,953,909</b>	<b>569,627,683</b>	<b>604,726,322</b>	<b>632,291,454</b>	<b>699,174,192</b>	<b>732,406,733</b>	<b>777,484,008</b>

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Notes: Data presented in this table are not adjusted for inflation, i.e., the data represent nominal data on actual purchases through the USDA Foods in Schools program in each school year listed. Other fruits and vegetables = canned, dried, frozen, or juice.

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the USDA Foods in Schools Program**

**Table 14: Average USDA Foods in Schools Program Purchases by Fruits and Vegetables Subcategories and by State, School Years 2014-15 through 2018-19**

(in dollars)

State	Fresh fruits	Fresh vegetables	Other fruits	Other vegetables	Total fresh fruits and vegetables	Total other fruits and vegetables	Total
AK	365,372	281,825	822,861	217,408	647,197	1,040,269	<b>1,687,465</b>
AL	3,139,666	1,351,114	4,843,058	2,318,215	4,490,780	7,161,273	<b>11,652,053</b>
AR	1,537,629	1,059,716	2,710,022	1,279,158	2,597,345	3,989,181	<b>6,586,525</b>
AZ	4,858,192	2,651,286	4,245,817	1,487,519	7,509,477	5,733,335	<b>13,242,813</b>
CA	14,762,516	5,322,816	22,942,618	6,971,562	20,085,331	29,914,180	<b>49,999,511</b>
CO	3,488,744	1,622,476	2,991,091	661,826	5,111,220	3,652,917	<b>8,764,136</b>
CT	2,175,321	1,807,790	1,046,831	572,536	3,983,111	1,619,367	<b>5,602,478</b>
DC	1,001,440	274,629	89,350	14,006	1,276,068	103,356	<b>1,379,425</b>
DE	151,045	28,892	1,242,794	407,273	179,937	1,650,067	<b>1,830,004</b>
FL	6,151,704	4,404,520	16,830,855	3,615,699	10,556,223	20,446,554	<b>31,002,778</b>
GA	10,716,160	7,355,557	9,727,378	3,787,309	18,071,717	13,514,687	<b>31,586,404</b>
GU	216,318	67,055	0	0	283,373	0	<b>283,373</b>
HI	1,395,867	1,954,162	341,044	0	3,350,029	341,044	<b>3,691,072</b>
IA	2,879,892	1,989,021	2,803,291	1,095,892	4,868,914	3,899,183	<b>8,768,097</b>
ID	483,329	352,151	1,641,080	603,064	835,480	2,244,145	<b>3,079,625</b>
IL	7,729,083	5,883,614	10,547,360	3,330,326	13,612,697	13,877,686	<b>27,490,383</b>
IN	871,925	1,454,745	6,392,058	2,566,578	2,326,670	8,958,636	<b>11,285,306</b>
KY	2,533,608	1,759,351	4,268,007	1,200,265	4,292,959	5,468,272	<b>9,761,232</b>
LA	2,505,700	1,868,090	3,743,012	2,297,444	4,373,790	6,040,456	<b>10,414,246</b>
MA	2,402,495	1,680,083	4,589,919	2,363,524	4,082,579	6,953,443	<b>11,036,021</b>
MD	1,444,395	1,249,832	2,790,606	630,374	2,694,227	3,420,980	<b>6,115,207</b>
ME	181,869	145,830	861,100	295,092	327,699	1,156,192	<b>1,483,891</b>
MI	5,769,482	2,383,859	4,471,247	1,498,716	8,153,341	5,969,963	<b>14,123,304</b>
MN	5,530,937	3,816,217	7,012,510	1,277,654	9,347,154	8,290,164	<b>17,637,318</b>
MO	997,225	637,992	7,332,417	2,521,906	1,635,217	9,854,323	<b>11,489,540</b>
MS	1,503,112	725,280	4,030,797	1,647,511	2,228,392	5,678,307	<b>7,906,699</b>
MT	313,000	240,759	902,233	329,556	553,760	1,231,789	<b>1,785,548</b>
NC	2,823,342	1,878,725	12,309,933	3,934,427	4,702,068	16,244,360	<b>20,946,427</b>
ND	341,043	286,271	891,605	260,734	627,314	1,152,339	<b>1,779,654</b>
NE	1,334,547	1,075,971	3,625,581	1,034,996	2,410,518	4,660,578	<b>7,071,096</b>
NH	224,120	160,996	846,809	297,231	385,116	1,144,040	<b>1,529,156</b>
NJ	4,729,929	3,166,876	2,657,340	2,874,448	7,896,806	5,531,788	<b>13,428,594</b>

**Appendix III: Additional Data on Spending for  
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State	Fresh fruits	Fresh vegetables	Other fruits	Other vegetables	Total fresh fruits and vegetables	Total other fruits and vegetables	Total
NM	1,499,573	789,054	1,414,107	456,797	2,288,626	1,870,904	<b>4,159,530</b>
NV	754,650	134,463	2,669,715	662,079	889,113	3,331,794	<b>4,220,907</b>
NY	12,165,655	4,257,356	11,312,850	4,175,400	16,423,011	15,488,251	<b>31,911,262</b>
OH	4,168,886	3,818,584	9,645,954	2,824,546	7,987,470	12,470,500	<b>20,457,970</b>
OK	1,713,318	1,514,597	3,679,386	1,274,790	3,227,915	4,954,175	<b>8,182,091</b>
OR	908,543	504,557	3,737,781	546,314	1,413,100	4,284,095	<b>5,697,195</b>
PA	2,010,082	2,247,519	8,511,479	3,615,650	4,257,600	12,127,129	<b>16,384,729</b>
PR	31,591	41,569	4,550,452	1,959,762	73,160	6,510,213	<b>6,583,374</b>
RI	526,209	413,418	534,337	71,848	939,627	606,185	<b>1,545,811</b>
SC	4,348,520	2,765,923	3,132,918	1,387,101	7,114,443	4,520,019	<b>11,634,462</b>
SD	1,301,681	916,207	560,555	150,067	2,217,888	710,622	<b>2,928,509</b>
TN	5,589,757	4,192,235	3,831,586	1,391,628	9,781,992	5,223,214	<b>15,005,207</b>
TX	22,715,898	11,016,372	23,825,095	7,739,526	33,732,270	31,564,621	<b>65,296,891</b>
UT	1,912,957	1,509,443	2,550,618	727,662	3,422,400	3,278,280	<b>6,700,680</b>
VA	5,414,342	3,632,553	4,673,420	1,551,678	9,046,895	6,225,097	<b>15,271,992</b>
VI	17,274	4,211	135,032	66,014	21,485	201,046	<b>222,531</b>
VT	222,479	220,672	244,421	116,160	443,150	360,581	<b>803,731</b>
WA	3,217,236	1,873,582	6,130,736	997,082	5,090,818	7,127,818	<b>12,218,636</b>
WI	1,259,115	1,503,170	5,769,769	1,746,796	2,762,285	7,516,565	<b>10,278,850</b>
WV	452,656	281,469	2,429,440	1,238,494	734,126	3,667,934	<b>4,402,059</b>
WY	363,463	311,565	460,074	130,487	675,028	590,562	<b>1,265,590</b>

Legend: PR = Puerto Rico; VI = U.S. Virgin Islands

Source: GAO analysis of U.S. Department of Agriculture (USDA), Food and Nutrition Service data. | GAO-23-105697

Notes: Data presented in this table are not adjusted for inflation, i.e., the data represent nominal data on actual purchases through the USDA Foods in Schools program in each school year listed. Other fruits and vegetables = canned, dried, frozen, or juice. For a given state, purchases across all food categories may not sum exactly to the value in the "Total" column due to rounding.

# Appendix IV: Survey of States that Operate the USDA Foods in Schools Program

This appendix contains the closed- and open-ended questions from our survey of state and territory agencies that operate the U.S. Department of Agriculture (USDA) Foods in Schools program in the National School Lunch Program (NSLP), along with key results.<sup>1</sup> In some cases, respondents received additional questions based on their response to a prior question. For example, if a respondent reported that the state experienced a specific challenge in school year 2021-22, the respondent then received a question about how the pandemic affected that specific challenge. For a detailed discussion of our survey methodology, see appendix I.

Table 15 provides responses to the following survey question: In school year 2021-22, how challenging were the following factors for your state to operate the USDA Foods in Schools program in the NSLP?

**Table 15: Challenges States Reported Operating the USDA Foods in Schools Program, School Year 2021-22**

Factor	Not at all challenging	Somewhat challenging	Moderately challenging	Very challenging	Extremely challenging	Don't know	Total
Timing of the USDA Foods entitlement calculation ahead of the school year	17	12	14	6	3	0	52
Timing of USDA Foods ordering ahead of the school year	12	15	10	10	5	0	52
Price fluctuations of USDA Foods throughout the school year	2	13	13	14	10	0	52
Order minimum requirements of USDA Foods (e.g., having full truckloads)	8	11	17	8	8	0	52
Capabilities of USDA's WBSCM and/or FFAVORS, such as for ordering or tracking	16	18	16	2	0	0	52
Canceled, delayed, or shorted USDA Foods orders (e.g., received less than the full order)	2	5	17	15	13	0	52
Quality of USDA Foods received	39	8	2	1	1	0	51

<sup>1</sup>This appendix does not include the results of two survey questions related to the use of value pass-through systems in the USDA Foods in Schools program. We present those results in appendix II.

**Appendix IV: Survey of States that Operate the  
USDA Foods in Schools Program**

Number of states							
Factor	Not at all challenging	Somewhat challenging	Moderately challenging	Very challenging	Extremely challenging	Don't know	Total
State's geography (e.g., size, terrain, population density, etc.)	22	10	3	11	4	2	52
State's structure for using USDA Foods entitlement (e.g., "one bank" system, statewide cooperative, decentralized to SFAs, etc.)	32	11	4	1	3	1	52
State's warehouse capacity to store USDA Foods for distribution to SFAs	23	4	13	9	2	1	52
State's funds available to cover the cost of warehousing and/or distribution of USDA Foods for SFAs in the state	17	13	3	9	9	1	52
Knowledge of USDA Foods in Schools program operations, requirements, and/or options among SFA staff in the state	14	19	10	5	3	1	52
Procurement process (e.g., administrative efforts, paperwork requirements, length of contract terms)	4	17	12	9	6	4	52
Tracking pounds/managing excess inventory (e.g., 6-month inventory threshold)	5	12	18	11	6	0	52
Manufacturers or distributors deciding to no longer participate in the USDA Foods in Schools program or do business with SFAs	3	15	12	11	7	4	52
Other	1	2	1	1	6	3	14

Legend: SFA = School food authority; USDA = U.S. Department of Agriculture; WBSM = Web-based Supply Chain Management; FFAVORS = Fresh Fruits and Vegetables Order Receipt System

Source: GAO analysis of state survey results. | GAO 23 105697

Notes: GAO administered the survey from August to September 2022. This table includes data from the 52 states that participate in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term "states" to refer to states, the District of Columbia, and territories.

Table 16 provides responses to the following survey question: How has the COVID-19 pandemic affected the challenges your state faces in operating the USDA Foods in Schools program in the NSLP?

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**Table 16: Effect of the COVID-19 Pandemic on Challenges States Reported Operating the USDA Foods in Schools Program, School Year 2021-22**

Challenge	Number of states					Total
	New challenge during the pandemic	Existing challenge that has worsened during the pandemic	Existing challenge that has remained the same during the pandemic	Existing challenge that has diminished during the pandemic	Don't know	
Timing of the USDA Foods entitlement calculation ahead of the school year	4	15	16	0	0	35
Timing of USDA Foods ordering ahead of the school year	3	22	14	1	0	40
Price fluctuations of USDA Foods throughout the school year	9	35	6	0	0	50
Order minimum requirements of USDA Foods (e.g., having full truckloads)	0	16	28	0	0	44
Capabilities of USDA's WBSCM and/or FFAVORS, such as for ordering or tracking	0	7	27	1	1	36
Canceled, delayed, or shorted USDA Foods orders (e.g., received less than the full order)	11	35	3	0	1	50
Quality of USDA Foods received	1	1	10	0	0	12
State's geography (e.g., size, terrain, population density, etc.)	1	10	16	0	1	28
State's structure for using USDA Foods entitlement (e.g., "one bank" system, statewide cooperative, decentralized to SFAs, etc.)	0	4	15	0	0	19
State's warehouse capacity to store USDA Foods for distribution to SFAs	3	14	11	0	0	28
State's funds available to cover the cost of warehousing and/or distribution of USDA Foods for SFAs in the state	2	18	11	2	1	34



**Appendix IV: Survey of States that Operate the  
USDA Foods in Schools Program**

Challenge	Number of states					Total
	New challenge during the pandemic	Existing challenge that has worsened during the pandemic	Existing challenge that has remained the same during the pandemic	Existing challenge that has diminished during the pandemic	Don't know	
Knowledge of USDA Foods in Schools program operations, requirements, and/or options among SFA staff in the state	2	19	14	0	2	<b>37</b>
Procurement process (e.g., administrative efforts, paperwork requirements, length of contract terms)	1	22	18	3	0	<b>44</b>
Tracking pounds/managing excess inventory (e.g., 6-month inventory threshold)	1	30	15	1	0	<b>47</b>
Manufacturers or distributors deciding to no longer participate in the USDA Foods in Schools program or do business with SFAs	15	23	6	0	1	<b>45</b>
Other	2	2	0	0	0	<b>4</b>

Legend: SFA = School food authority; USDA = U.S. Department of Agriculture; WBSCM = Web-based Supply Chain Management; FFAVORS = Fresh Fruits and Vegetables Order Receipt System

Source: GAO analysis of state survey results. | GAO-23-105697

Notes: GAO administered the survey from August to September 2022. This table includes data from the 52 states that participate in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term "states" to refer to states, the District of Columbia, and territories.

Table 17 provides responses to the following survey question: For school year 2021-22, did your state experience challenges with any of the following components of the USDA Foods in Schools program in the NSLP (Direct Delivery, Diverting USDA Foods for Further Processing, USDA Department of Defense (DoD) Fresh Fruit and Vegetable Program)?

**Appendix IV: Survey of States that Operate the  
USDA Foods in Schools Program**

**Table 17: Challenges States Reported in the Three Components of the USDA Foods in Schools Program, School Year 2021-22**

Challenge	Number of states			
	Direct Delivery	Further Processing	USDA DoD Fresh	Don't know
Timing of the USDA Foods entitlement calculation ahead of the school year	25	26	17	1
Timing of USDA Foods ordering ahead of the school year	28	24	7	1
Price fluctuations of USDA Foods throughout the school year	40	37	13	1
Order minimum requirements of USDA Foods (e.g., having full truckloads)	33	21	6	2
Capabilities of USDA's WBSCM and/or FFAVORS, such as for ordering or tracking	17	12	9	2
Canceled, delayed, or shorted USDA Foods orders (e.g., received less than the full order)	48	32	6	0
Quality of USDA Foods received	4	0	7	1
State's geography (e.g., size, terrain, population density, etc.)	18	9	14	3
State's structure for using USDA Foods entitlement (e.g., "one bank" system, statewide cooperative, decentralized to SFAs, etc.)	13	14	3	1
State's warehouse capacity to store USDA Foods for distribution to SFAs	24	9	1	1
State's funds available to cover the cost of warehousing and/or distribution of USDA Foods for SFAs in the state	28	12	2	2
Knowledge of USDA Foods in Schools program operations, requirements, and/or options among SFA staff in the state	22	27	17	4
Procurement process (e.g., administrative efforts, paperwork requirements, length of contract terms)	14	27	5	3
Tracking pounds/managing excess inventory (e.g., 6-month inventory threshold)	19	38	2	0
Manufacturers or distributors deciding to no longer participate in the USDA Foods in Schools program or do business with SFAs	18	38	4	3
Other	2	3	2	0

Legend: USDA = U.S. Department of Agriculture; USDA DoD Fresh = USDA Department of Defense Fresh Fruit and Vegetable program; SFA = School food authority; WBSCM = Web-based Supply Chain Management; FFAVORS = Fresh Fruits and Vegetables Order Receipt System

Source: GAO analysis of state survey results. | GAO-23-105697

**Appendix IV: Survey of States that Operate the  
USDA Foods in Schools Program**

Notes: GAO administered the survey from August to September 2022. This table includes data from the 52 states that participate in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term “states” to refer to states, the District of Columbia, and territories.

Table 18 provides responses to the following survey question: How satisfied or dissatisfied was your state with the following types of assistance received from USDA’s Food and Nutrition Service (FNS) with regard to operating the USDA Foods in Schools program in the NSLP in school year 2021-22?

**Table 18: Satisfaction States Reported by Types of Assistance Received from USDA FNS in Operating the USDA Foods in Schools Program, School Year 2021-22**

Challenge	Number of states							Total
	Very satisfied	Generally satisfied	Neither satisfied nor dissatisfied	Generally dissatisfied	Very dissatisfied	Did not receive this Assistance	Don’t know	
Technical assistance from FNS regional office staff (e.g. phone calls, emails, etc.)	11	22	5	6	2	5	1	<b>52</b>
Technical assistance from FNS headquarters staff (e.g. phone calls, emails, etc.)	15	27	3	5	0	1	1	<b>52</b>
Information from FNS regional office staff provided during conferences, webinars, listening sessions, or other similar venues	12	17	10	4	2	7	0	<b>52</b>
Information from FNS headquarters staff provided during conferences, webinars, listening sessions, or other similar venues	15	24	7	5	0	1	0	<b>52</b>
Official written communications from FNS regional office staff (e.g., memoranda, policy guidance, etc.)	11	16	9	6	2	7	1	<b>52</b>
Official written communications from FNS headquarters staff (e.g., memoranda, policy guidance, etc.)	11	27	4	9	0	1	0	<b>52</b>
Other	1	0	2	2	1	0	2	<b>8</b>

Legend: FNS = Food and Nutrition Service; USDA = U.S. Department of Agriculture

Source: GAO analysis of state survey results. | GAO-23-105697

Notes: GAO administered the survey from August to September 2022. This table includes data from the 52 states that participate in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term “states” to refer to states, the District of Columbia, and territories.

**Appendix IV: Survey of States that Operate the  
USDA Foods in Schools Program**

Table 19 provides responses to the following survey question: What additional assistance would your state like to receive from FNS regional or headquarters offices that may help your state operate the USDA Foods in Schools program in the NSLP?

States that responded that they need additional assistance received an open-ended text box to provide more details.

**Table 19: State Responses on Whether They Need Additional Assistance from the U.S. Department of Agriculture (USDA) Food and Nutrition Service to Operate the USDA Foods in Schools Program**

	<b>Number of states</b>
The state does not need additional assistance at this time	31
The state needs additional assistance	21

Source: GAO analysis of state survey results. | GAO-23-105697

Notes: GAO administered the survey from August to September 2022. This table includes data from the 52 states that participate in the traditional model of the USDA Foods in Schools program. For reporting purposes, we use the term "states" to refer to states, the District of Columbia, and territories.

We ended the survey by providing states with an open-ended text box to share any additional information about their experiences operating the USDA Foods in Schools program. Twenty states provided additional information using this text box.

In addition to the survey questions and results listed in this appendix, we also asked states to identify the individual primarily responsible for completing the survey in case we had follow-up questions. For the individual primarily responsible for completing the survey we also asked how many years of professional work experience with the USDA Foods in Schools program in the NSLP they had. In most cases (44 states), these individuals indicated that they had 5 years or more of experience.

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# Appendix V: GAO Contact and Staff Acknowledgments

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## GAO Contact

Kathryn A. Larin, (202) 512-7215 or [larink@gao.gov](mailto:larink@gao.gov)

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## Staff Acknowledgments

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