POLICY ALERT

Date: December 8, 2006
Reference: # NSLP/SBP 2007-2
To: National School Lunch/School Breakfast Program (NSLP/SBP) Contractors
Subject: Allowable and Unallowable Uses of United States Department of Agriculture (USDA) Donated Commodities
Effective Date: Immediately

Purpose
This Policy Alert supplements pages 4-14, Managing the Meal Facility section of your NSLP/SBP Handbook concerning the allowable and unallowable uses of USDA donated commodities by School Food Authorities (SFAs).

Implementation
Immediately

Procedure
SFAs may use USDA donated commodities in other nonprofit school food service activities as long as the income accrues to the nonprofit school food service account.

Allowable Uses of USDA donated commodities:
• School breakfasts or other meals and supplements served in the NSLP/SBP;
• A la carte foods sold to children;
• Meals served to adults directly involved in the operation and administration of the nonprofit school food service, and to other school staff; and
• Training in nutrition, health, food service, or general home economics instructions for students.

Unallowable uses of USDA donated commodities:
• Banquets
• Catered events
• Activities that do not primarily benefit the school children

Reimbursement of USDA donated commodities
Under the single inventory management system, it may not be possible to avoid commingling donated foods and commercially purchased foods. In such cases, the SFA must ensure reimbursement to the nonprofit school food service account for the value of the donated foods used in such activities, just as it must ensure reimbursement for other resources used from the nonprofit school food service account.

continued
**Procedure continued**

Under the single inventory management system, if reimbursement cannot be made based on actual usage of the donated foods, the SFA must establish an alternate method to ensure that donated foods do not subsidize school food service activities that do not benefit school children. **Example:** The SFA may include the current established per-meal value of USDA donated commodities assistance in the price charged for the school food service activities.

**Note:**
An SFA must ensure that its contract with a food service management company (FSMC) to conduct the food service also provides for such reimbursement to the nonprofit school food service account.

**Authority**
Food Distribution Policy Memorandum FD-060

**Contact**
If you have any questions please contact your Area Program Office.