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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

FOOD DISTRIBUTION PROGRAMS
of the
DEPARTMENT OF AGRICULTURE

Talk by Isabelle M. Kelley, Food Distribution Division
at the 39th Annual Agricultural Outlook Conference,
Washington, D. C., 3:30 P.M., Tuesday, November 14, 1961

In a country which is characterized by an agricultural abundance, it is a natural development that efforts should -- and would -- be made to see that needy and deserving people have more of the food they require to fill their stomachs, to promote their health, and to maintain their productive efficiency.

This makes good sense.

It is morally right.

It is good business. The unmet needs of these needy people are likely to be translated into "economic surpluses" that seriously interfere with the efficient operation of our commercial food marketing system. And, it is this commercial system upon which we basically rely to supply the great bulk of our food demands, to register our preferences as consumers, and to pass back to farmers an equitable return for their productive efforts. Where the Federal and State governments step in -- whether in production, marketing or distribution -- it is to enhance the working of the commercial system in our farm and food economy.

Finally, and practically, charity begins at home. If we expect public support for our "Food for Peace" efforts in allied and uncommitted countries throughout the world, we cannot ignore the situation of people here at home who need, but cannot afford, more and better food.

I do not mean to imply that underconsumption of food in this country stems solely from economic factors -- nor that this is the only framework within which the Department's food distribution programs operate. You people know much better than I, that we have seasonal abundances that are hard for our marketing system to handle with as many benefits as possible to both the buyer and the seller. Even among moderate and higher income families, food faces serious competition from the almost endless variety of nonfood items that command, even demand, our attention and our dollars. Among all income groups, we have families who do not realize the importance of good diets. We have families who just don't make good selections. We have the crash dieters.

We try to give attention to all of these situations in the operation of our Food Distribution Programs. But, where Federal financial assistance is involved, it is the needy child or the needy family that the Department has foremost in mind -- and rightly so. These people -- by and large -- are the ones with the greatest potential for increased food consumption. They also are the ones where dollars are the most important limiting factors to dietary improvement and to farm market expansion.

There is hardly anything new under the sun and this certainly applies to our Food Distribution Programs. Direct action in this field on the part of the Federal Government began during the depression of the 1930's and has -- to a greater or lesser degree -- continued since that time. However, more recent economic and social developments -- including the increasing awareness of the special problems faced by the governments and people of our so-called depressed areas -- have led to more intensive efforts to get more of our food to more of our people.

The Department's food distribution programs are not self-contained nor self-sustained. They are not a cure-all, by any means. They build upon the constant and long-range efforts to increase the efficiency of our production and marketing system; they recognize the need to make a constructive use of food that finds its way into Government inventories or ownerships; they rely upon broader efforts in the field of nutrition education for consumers; they are designed to supplement general welfare and public assistance programs.

Specifically, the term "food distribution" has come to mean a series of inter-related action programs which are designed to improve national dietary levels and to expand current and future markets for food. The activities include:

1. The Plentiful Foods Program - under which we work with producer and marketing groups to promote the sale and use of seasonally and other abundant foods.
2. The National School Lunch Program - designed to assist elementary and secondary schools to serve balanced and moderately-priced lunches to attending children.
3. The Special Milk Program - inaugurated in late 1954 to help schools, camps, orphanages and other nonprofit institutions make more fluid milk available to more children.
4. Direct Distribution - where Federally-owned foods are donated to schools, charitable institutions, and needy families through the facilities of State and local governments.
5. Pilot Food Stamp Projects - a recently inaugurated operation in eight sections of the country to test out another approach to increasing food consumption among needy families.

It is the purpose of this paper, now, to make some comments on each of these five programs -- including accomplishments and current areas of emphasis. Following this, there will be a summarization to pull together the purpose of these individual programs in the light of our current agricultural and nutritional situation. I hope you will relate this discussion of over-all food distribution objectives and procedures to your own experiences at the State and local level -- with a view toward further clarifications during the question-and-answer period.

The Plentiful Foods Program

The Department of Agriculture and the Extension Services of the various States have long undertaken, or cooperated in, programs to provide consumers with information on food supplies and prices. The Plentiful Foods Program of AMS is a part of this broad undertaking. It is, in fact, a direct outgrowth of a World War II effort to manage civilian food supplies by encouraging consumers to shift from rationed and other scarce foods to those in more abundant supply. I am sure that many of you recall features of that wartime program such as "Victory Food Specials" or "No-Point Low-Point Foods."

The specific purpose of the program is to increase the commercial marketing of foods that are in peak seasonal supply or are otherwise plentiful. It is built upon the principle that advertising pays. It attempts to accomplish its purpose by mobilizing, on a voluntary basis, the merchandising and informational resources of food trade and allied groups in support of the sales and promotion efforts of producer groups. It is more concerned with shifting consumer demand in line with current market availability than with achieving a permanent increase in the market and consumption of a particular food. But it can have important by-product effects in the latter area by introducing the food to more consumers generally -- or into new geographic areas.

A great deal of emphasis is placed upon obtaining the cooperation of food retailers, the food editors of informational media, and food and nutrition leaders who work directly with consumer groups. Retailers can do much to influence consumer choices through their advertising and in-store promotions. The food editors of newspapers, magazines, radio and television continually supply homemakers with information and can do much to create interest in any particular food. And there are an infinite number of ways in which those who work directly with homemakers can tie into this over-all effort. In this connection, I should like to make special mention of the cooperative and profitable working relationship we have with the Extension Service.

One of the continuing activities under our Plentiful Foods Program is to provide information on foods in need of merchandising attention. Each month, a national and five regional Plentiful Foods Lists are issued to cooperating trade and information groups. The public feeding industry -- hotels, restaurants, industrial feeders -- receive an especially adapted version of these Lists. Special selections within the total list are made for school lunch programs.

A great many people and agencies, both within and outside the Department, are involved in selecting the foods to be included in the Lists because we want them to be as reliable as possible. And, we want to stay away from strictly luxury items.

However, there is no precise line between luxury and non-luxury items. And, because we are concerned with reaching all consumers, the List is not designed as a guide to the best buys, nutritionwise, for those families with the most limited food budgets. This does not mean that the List can't be useful to those of you who are primarily concerned with helping low-income families. Rather, it requires that you use it on a selective basis, taking into account your audience and market conditions in your area.

The National School Lunch Program

Federal financial assistance to school lunch programs began in the early 1930's when surplus foods were first donated to schools.

Much earlier than that, the Department -- and especially the Extension Service -- had been active in this field. Prior to World War I, charts had been prepared for posting in school lunchrooms. They depicted the elements of a balanced and wholesome school lunch. In 1916, a Farmers Bulletin issued by the Department said each school lunch should include selections from the following groups: Protein-rich foods, including milk; cereal or starchy foods; the fatty foods; vegetables and fruits, and simple sweets.

There we had the prototype of our present-day Type A school lunch. The writer of the Bulletin also understood children -- recognizing that you must remember a child's sweet-tooth as well as his dietary needs.

Now, this activity, authorized by the National School Lunch Act of 1946, encompasses a broad program of assistance to participating schools. Yet, we still hear from people who feel that the Department's interest in school lunch programs is still dominated by a desire to find a home for some food it owns. I should like to address myself at this point to those of you who meet people with this attitude.

First, each participating school agrees to serve a lunch meeting our Type A pattern. This lunch includes, as a minimum, a protein-rich food, a generous serving of fruits and vegetables, bread and butter or fortified margarine, and one-half pint of milk. Federally-donated foods can be used to fulfill these requirements -- we encourage schools to make maximum use of them -- but only within the framework of that Type A pattern.

Second, most of the food used in the school lunch programs receiving Federal assistance are purchased locally by the schools from local suppliers. For last year, the following table shows the relative importance of locally purchased and Government-donated foods in the National School Lunch Program:

<u>Sources of Food</u>	<u>Million Dollars</u>
<u>Local Purchases</u>	
Financed by Federal funds	93.7
Financed by State and local funds	<u>481.3</u>
Total	575.0
<u>Government-Donated Foods</u>	
Purchased for the program	61.1
Obtained from other Department supplies	<u>71.6</u>
Total	132.7
Grand Total	707.7

Here, as in other programs, we do not rely upon financial assistance alone to bring about an adequate program. Working with and through the educational agencies of the various States, which are responsible for the actual operation of the program on a grant-in-aid basis, we encourage and assist in a broad program of technical assistance to participating schools. This involves, among other things, the development and publication of food use and management materials and workshop training programs for local school lunch workers. Many of you have worked with State educational agencies in this area and you have made a significant contribution to the Department's total school lunch effort.

Currently, the National School Lunch Program is in operation in some 64,000 schools throughout the country. These schools represent about two-thirds of our elementary and secondary school enrollment. On a typical day, about 13.5 million children eat the Type A lunch -- about one-third of the children enrolled in schools.

Why not more schools and why not more children in those schools where the program is in operation? The lunch program is, of course, expanding each year at a rate in excess of the rate at which school enrollments are increasing.

Most of the schools which are not in the program are small elementary schools in relatively small population centers. Lack of food service facilities is a principal limiting factor. This also is true for the elementary schools in many cities where schools were developed on a neighborhood basis, with children going home for lunch. Finally, there are schools which can, and do, operate a lunch program without Federal cash assistance.

With respect to the level of participation within schools which do receive Federal assistance, the answer is more complex. Throughout the school year, many more than 13.5 million children eat the Type A lunch at one time or another. Participation is quite apt to be higher on rainy days, when favorite menus are served, when mothers will not be home to prepare lunch. Many other factors influence school lunch participation: Meal quality, price, teacher interest, speed of service, attractiveness of the lunchroom, etc.

The level of participation in secondary schools generally is lower than in elementary schools. Here, we are dealing with a group of young men and women who are beginning to assert their independence and may tend to resent the "plate lunch" because they feel they are being told what to eat. To combat this tendency, we encourage high schools to offer some free choice within the Type A pattern. We need to do more in this field.

We have become increasingly aware, however, that many schools in economically needy areas were facing a special problem. The National School Lunch Act requires that children unable to pay the full price of the lunch be served at a reduced price or free. But no lunch can be served free of cost. Where the child does not pay, his lunch must be financed out of the Federal payment, State or local sources, or the payments of other children. Far too frequently, we discovered, this wasn't enough in a school that needed to serve 30, 40, or 50 percent -- or even more -- of its lunches free.

This matter was brought to the attention of the Congress during the course of our 1961-62 appropriation hearings. As a result, the Congress authorized the use of \$2.5 million of special commodity assistance to help "schools which because of poor local economic conditions (1) have not been operating a school lunch program or (2) have been serving free or at substantially reduced prices at least 20 percent of the lunches to children."

We view this first year's operation as an experiment in techniques. We are directing the use of the \$2.5 million of special commodity assistance to those schools that have not been able to finance a school lunch program. For those schools which are now in the program and are serving a large percentage of free meals, we are working with States to give extra assistance to schools out of the funds and commodities regularly made available under the annual appropriation.

Especially needy schools may now be reimbursed as much as 15 cents for each Type A meal they serve. The regular maximum payment is 9 cents. But this total will need to be used on a selective basis for, currently, cash assistance funds average about 4 cents nationally for the Type A lunch.

Nonetheless, we are hopeful that this new type of assistance will help bring the benefits of the School Lunch Program to more of our children.

The Special Milk Program

This distribution activity grew out of a section of the Agricultural Act of 1954 which provided a two-year authority to use funds of the Commodity Credit Corporation to increase the use of fluid milk in schools.

From time to time, that authority was extended and the program was also enlarged to include nonprofit summer camps, orphanages, and other child-care institutions. The Agricultural Act of 1961 provides continuing authority for this program and shifts the source of funds from the Commodity Credit Corporation to regularly appropriated funds.

Participating schools and institutions purchase fluid milk from local suppliers and the Federal Government pays a portion of the cost of the milk. Where milk is sold to children, such as in the typical public school, the Federal payment makes it possible to reduce selling prices to children as a means of stimulating sales. Where milk is not customarily sold to children, such as in an orphanage, the institutions use the Federal payments to make more milk available at meal-time or to serve milk at other times during the day.

About 2 percent of the annual non-farm consumption of fluid milk is now accomplished under this program. (That amount is in addition to a similar quantity that is used under the National School Lunch Program.) Studies of the program have demonstrated the effectiveness of the program, which we now estimate is available to at least 3 out of every 4 children in school.

In the fall of 1955, the Food Distribution Division canvassed 22 centralized school systems with a total attendance of 950,000 students. Milk consumption in October of that year was 67 percent greater than in the same month in 1953,

the year before the Special Milk Program was started. A nationwide survey in 1957 reported substantially higher per-pupil rates of milk consumption in those schools which were participating in the school lunch and special milk programs.^{1/}

A more limited study -- in 100 schools in States in the Northeast -- showed that the effect of the program was to increase the number of milk drinkers at school and to increase per-pupil levels of milk consumption. Increased consumption at school did not appear to result in lowered milk consumption at home. ^{2/}

In this program, too, we are attempting to reach more needy schools and children. For the first time this year, economically needy schools which have not had a milk or lunch service are eligible to receive special assistance. It will be possible for such schools to receive up to the cost of the milk served free to needy children. The regular maximum amount of assistance is 3 cents per half pint for those schools that do not serve Type A lunches.

Direct Distribution

For more than 25 years, authority has been available to the Department of Agriculture to donate food acquired under price support and other market stabilization programs to underconsuming groups within this country.

It was first provided in emergency farm and relief legislation of the early 1930's and subsequently, in Section 32 of the Act of August 24, 1935. Section 416 of the Agricultural Act of 1949 provided specific authority to donate foods acquired under price support programs and this authority was further liberalized in Public Law 480.

Distribution of these donated foods is accomplished outside of normal trade channels. The Federal Government delivers the food to States. State and local governments arrange for the subsequent handling and storage and for the actual delivery of the foods to the final recipient.

Currently, nearly 24 million people in this country are receiving these Federally donated foods. This total includes 16 million school children (these foods may also go to nonprofit school lunch programs which do not receive Federal cash assistance), and about 1.5 million needy people in charitable institutions. Over 6 million people who are members of economically needy families also are receiving help under this program.

^{1/} Milk Consumption in the Nation's Schools, Marketing Research Report No. 284, Agricultural Marketing Service, USDA, November 1958.

^{2/} Milk Consumption by Children, Marketing Research Report No. 408, Agricultural Marketing Service, USDA, June 1960.

I have previously mentioned the use of these foods in school lunch programs. And, it is obvious that these donations can do much to supplement the traditionally low budgets with which many institutions operate. Of special interest, I believe, is the work we do in making these foods available to needy families.

Giving things away is not as easy as it seems to many people. But, judging by the correspondence that comes to the Department, the public would not support a policy that we were not going to try to make more food available to needy people just because it is hard to do well.

First of all, we must have a way to identify the people who need but cannot afford more food. Second, we must try to minimize the possible impact of our donations on regular commercial sales. Third, we must help States and localities to operate efficient but inexpensive delivery systems. Fourth, we must require strict accounting for these foods because they represent Federal dollars.

The responsibility for determining which families get our donated foods is placed in the hands of State and local welfare agencies. In this way, it is possible to take local needs and local conditions into account. A family of five may face quite different situations in trying to live on \$200 a month. One family may be in a small rural town; another may live in a large urban area where rents are much higher.

We do require, however, that the standards States use to determine which families should get this food assistance bear a relationship to the standards they use in their own public assistance program. This does not mean that only public assistance families are eligible. We want these foods to be made available to "marginal" families -- to those, for example, who suffer temporary setbacks when factories close down or during the season when work is not available to the farm laborer who is hired by the day.

The first Executive Order of President Kennedy called for an increase in the volume and variety of donated foods being made available to needy families. This was accomplished by increasing the number of items coming from the inventories of the Commodity Credit Corporation and by making market purchases of certain foods which were in need of marketing assistance.

In December of last year, a total of 3.7 million people in needy family units were receiving donated foods. The retail value of these donations came to about \$3.00 per person per month. Currently, over 6 million people are in the program and the monthly retail value of the donations is about \$6.00 per person.

Along with the increase in the level of food donations, we have stepped up our efforts to help recipients make the best possible use of these foods. Here, again, representatives of the Extension Service are making a very valuable contribution by working with these families -- distributing recipes and menus, holding demonstrations, obtaining newspaper publicity, and participating in television programs. All of these efforts can help the families make wise use of both donated and purchased foods. And, these very practical lessons in nutrition and food management can make them better homemakers even after they no longer need to rely on Federally-donated foods.

Pilot Food Stamp Projects

We are now testing out a different method of increasing food consumption levels among needy families. The program utilizes normal channels of trade and is a variation of a previous program -- called the Food Stamp Plan -- which was operated between 1939 and 1943.

The pilot projects are being operated in eight sections of the country in an effort to test the program under a wide variety of conditions. The areas include the large metropolitan City of Detroit, Franklin County in the coal mining area of southern Illinois, the Virginia-Hibbing-Nashwauk area in the Mesabi iron range in Minnesota, Floyd County in Kentucky, McDowell County in West Virginia, Fayette County in Pennsylvania, San Miguel County in New Mexico, and Silver Bow County in Montana. All of these areas have experienced substantial unemployment in recent years.

Under the pilot program, low-income families exchange the amount of money they would normally be expected to spend for food for stamp coupons of a higher monetary value. For example, a family of four who normally could be expected to spend about \$60 a month for food can exchange that amount of money for perhaps as much as \$90 worth of coupons. The extra \$30 represents the Federal government's contribution to the program. The family can then use the coupons to purchase food at prevailing retail prices at any regular retail store which has been approved to accept the coupons. Only a few food items cannot be purchased with the food coupons -- coffee, tea, cocoa, bananas and packaged imported items.

This is a substantial variation from the 1939-43 Food Stamp Plan under which the participating family could use the additional food purchasing power only for those foods designated as "surplus" by the Department of Agriculture. This change from the old Plan was the result of two factors: (1) Food consumption surveys show that low-income families choose to buy more livestock and dairy products and more fruits and vegetables when their incomes are increased. (2) These are the very items that we want to reach under the program from the standpoint of both diets and farm market expansion. The increased consumption of livestock products, for example, could be an indirect but efficient means of increasing the use of our abundant feed grain supplies.

In September, approximately 138,000 people purchased food coupons. They spent \$1.7 million for coupons and received \$1 million in bonus coupons.

Here, too, we have called upon State and local agencies to help these families make the most of their added food purchasing power. We have been very pleased with the enthusiastic support we have received and the progress, thus far, has exceeded our expectations. And, again, we must make special mention of the leadership shown by representatives of the Extension Service.

Over-all, we have been very encouraged by our experience with these pilot food stamp projects. However, the full effectiveness of the program can only be determined after we receive the results of a series of special evaluation studies.

In each of the eight pilot areas, a survey of the level of retail food store sales was undertaken. A second survey was made this fall to determine the impact of the program on food sales. In two of the eight areas -- Fayette County, Pennsylvania, and Detroit -- detailed pre-program food use data were collected from a representative sample of families, including families with incomes somewhat higher than those of eligible food stamp families. These data will be compared with those from a similar survey conducted this fall after the pilot projects had been in operation for a few months. The Institute of Home Economics will also use these data to evaluate the changes that took place in the diets of families who took advantage of the Stamp Program.

Finally, a series of attitude surveys have been undertaken to determine reactions to the pilot projects on the part of retailers, welfare workers, participants and the general public.

The results of these evaluation studies should be available about the first of the new calendar year.

The Summing Up

These are our food distribution activities. By way of conclusion, let us try to sum up these individual efforts in relation to a broad program to gear our agricultural production to expand domestic food consumption.

First, our underconsumption of food results from several factors -- limited budgets, lack of knowledge concerning the importance of good diets, competition from nonfood items, and poor food habits. Our farm production is abundant and we have the resources to produce all of the protective foods we need and still meet our Food-for-Peace commitments.

Each of our food distribution programs uses a different approach in attempting to make more effective use of our food supplies. First emphasis is placed upon our purposes through normal trade channels. But, when it is necessary for the Government to acquire food in order to meet a market problem, we do have an effective way to get maximum quantities of food to people who can make good use of it.

Serving more milk and better balanced lunches at school can help improve the diets of children and increase markets for the important protective foods. Promoting the sales of plentiful foods can help orderly marketing, bring "best buys" to the attention of consumers, and lessen the need for direct Government purchases. Getting more and better food to needy people helps them and helps the farmer too. Finally, effective use of the opportunities these programs present to increase general nutrition knowledge and know-how among underconsumers of food will enhance their total contribution to the wise use of our agricultural resources.

