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Food and  
Nutrition  
Service

3101 Park  
Center Drive

Alexandria, VA  
22302-1500

**SUBJECT:** Commodity Supplemental Food Program (CSFP) – Guidance on 2008 Caseload, Food Deliveries and Inventory

**TO:** Regional Directors  
Special Nutrition Programs  
MARO, MPRO, MWRO  
NERO, SERO and SWRO

Regional Director  
Office of Field Operations  
WRO

State Directors  
CSFP State Agencies  
All Participating States

We have received a number of questions about 2008 CSFP caseload, food deliveries and inventory. Attached is a question-and-answer document that provides more information on these issues. If you have further questions, please contact Dana Rasmussen or Lillie Ragan on (703) 305-2662.

Cathie McCullough  
Director  
Food Distribution Division

Attachment

## **Commodity Supplemental Food Program (CSFP) - 2008 Caseload, Food Deliveries, and Inventory**

### **Questions and Answers**

#### **1. Congress provided greater funding for CSFP in Fiscal Year (FY) 2008 compared to last year. Why did the Food and Nutrition Service (FNS) reduce national caseload?**

On December 28, FNS allocated caseload to States for 2008. The FY 2008 program appropriation of \$139.715 million was significantly higher than the FY 2007 level of \$107.202 million. However, FNS could not support nationwide caseload at the 2007 level. A total of 473,473 caseload slots were allocated in 2008, slightly lower than the 485,614 slots assigned last year.

The nationwide reduction was due to: (1) the inflationary increase in the administrative grant per caseload slot, as required by statute; (2) significant increases in FNS food costs, impacted by a substantial reduction in the level of surplus or "free" commodities available to support the CSFP food package; and (3) the expected lack of excess carryover commodity inventory for drawdown.

Regarding administrative costs, the administrative grant per caseload slot increased by about *five percent*, to \$62.67 in FY 2008 (up from \$59.71). Thus, all other things being equal, more cash resources are needed to support State administrative grants.

Food costs are significantly higher as well. Due to the continued strength of the agricultural markets, less free foods are projected to be available to support the regulatory-mandated CSFP food package. Thus, FNS must fund a greater portion of the food package in comparison to last FY. We estimate that FNS will fund \$24.27 of the monthly average food package for women, infants, and children (up from \$21.92), an increase of *over 10 percent*. Furthermore, we estimate that FNS will fund \$18.15 of the average monthly food package for seniors (up from \$16.64), an increase of *over nine percent*.

Finally, in FY 2007, FNS had sufficient inventory on-hand to drawdown excess inventory, using that resource to help support the program. Last FY, FNS was able to use excess inventory totaling over \$17 million. However, given significantly higher food costs and the related, dwindling levels of free foods, we do not expect excess inventory to be available this FY. Current inventory is required to meet delivery demands.

#### **2. My State had more caseload slots last year than this year. Current participation is higher than caseload. Should we reduce participation to our new caseload? If so, how?**

CSFP regulations require that States ensure that program participation levels do not exceed assigned caseloads on an average monthly basis. In order to ensure that sufficient program resources are available to serve CSFP participants throughout the year, it is important that States quickly adjust participation levels to reflect their newly assigned caseload levels.

All States are expected to review current participation levels, and where appropriate, work closely with local agencies to reduce program participation. When reducing program participation, States must adhere to program legislative and regulatory requirements which give priority of service to women, infants, and children. Where

necessary, States should first institute moratoriums on new certifications and recertifications of senior participants.

Per program regulations and in circumstances in which applicants exceed caseload levels, local agencies must maintain waiting lists of individuals who apply for the program. Program regulations further require that CSFP local agencies notify applicants of their eligibility, ineligibility, or placement on a waiting list within 10 days from the date of application.

If a State cannot sufficiently reduce program participation through such moratoriums, it should take further action to reduce participation levels by requiring its local agencies to remove senior participants from the program. Such action should be considered a last resort, and per CSFP regulations, 15 days' written notice before the effective date of discontinuance must be provided to such participants before removing them from the program. Those individuals who cannot be certified or are removed from CSFP should receive referrals to other assistance programs.

FNS Regional Offices will closely monitor each State's year-to-date participation levels, and work with their respective States in order to ensure that participation reductions are addressed in a timely manner. If it appears that States are not taking timely and appropriate steps to reduce participation levels, food orders will be reduced. This action will ensure that commodities are not over-ordered by any one State due to excessive participation levels, thus depriving other States of needed resources.

### **3. Why were certain CSFP food deliveries delayed in recent months?**

CSFP was under a Continuing Resolution (CR) for much of the 1<sup>st</sup> Quarter, FY 2008. Under the CR, CSFP was funded at the prorated FY 2007 level of \$107.202 million, which was in turn equal to the funding provided in FY 2006. This funding was insufficient to meet caseload demand given higher food costs and the reduced levels of free foods. Therefore, FNS was forced to delay some deliveries until further funding was made available.

### **4. Should States and local agencies expect continued delays?**

Because FNS lacked food funds toward the end of calendar year 2007, when January and February purchase orders were required, and the U.S. Department of Agriculture has not received bids for some products (e.g., pasta) due to high commercial market demand, some CSFP States will experience delivery delays through April 2008.

### **5. Given resource constraints, what are the recommended State and local inventory levels for CSFP commodities?**

We recommend that CSFP State and local agencies keep commodity inventory levels to a maximum of two- to two-and-one-half months for all food groups. State and local agencies which maintain inventories beyond this level could deprive other agencies of needed resources, in turn negatively affecting participants.

With the recent implementation of the Electronic Commodity Ordering System, a simplified, more efficient commodity ordering system is now in place. Real-time ordering and delivery should permit lower inventory levels. Maintenance of inventories at a maximum of two- to two-and-one-half months also permits State and local agencies to reduce storage costs, as well as the risk of commodities going out of condition. Furthermore, quicker inventory turns allow participants to receive fresher foods.

We understand that the delivery delays caused by the funds shortage described above may result in reduced inventories for certain foods at the State and local levels. FNS will make every attempt to limit these delays.

**6. What should my State or local agency do if inventory for a specific food group runs low, and deliveries are delayed or the multi-food warehouse is out of stock?**

FNS' goal is to meet all CSFP food package needs, consistent with program regulations, FNS Instruction, and applicable guide rates. State and local agencies should continuously review inventory levels and commodity delivery schedules in order to identify potential problem areas as soon as possible. If a potential problem is identified at the local level, agency staff should immediately contact the State agency to report the issue. Likewise, States should contact the appropriate FNS Regional Office without delay. The FNS Regional Office will then work with Headquarters and the State agency to attempt to resolve the issue.

CSFP regulations, in conjunction with FNS Instruction, require that each participant receive a complete food package. Therefore, CSFP State agencies should notify FNS whenever there is a possibility that a full food package will not be issued, in advance of issuance.