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Schwan's Food Service, Inc.

Before the

U.S. Senate Committee on Agriculture, Nutrition and Forestry

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Chairwoman Stabenow, Ranking Member Roberts, and Members of the Committee, thank you for inviting me to testify today. I greatly appreciate the time and attention you are devoting to preparation for writing the next Farm Bill.

My name is Karen Wilder, and I serve as the Director of Science and Regulatory Affairs and chief nutritionist for The Schwan Food Company (Schwan), one of the largest branded frozen food companies in the world, employing more than 17,000 people in the processing, manufacturing, transportation, distribution and sales of frozen foods both nationally and internationally.

I oversee all aspects of the nutrition initiatives at Schwan and its wholly-owned subsidiaries, including Schwan's Food Service, Inc. So, for the past seven years, I have played a leading role in Schwan product development and innovation. Prior to coming to Schwan, I was a nutritionist at General Mills for 18 years. I have a Bachelors of Science degree in Nutrition and Dietetics from North Dakota State University and a Masters of Public Health degree in Public Health Nutrition from the University of Minnesota. I am also a licensed dietitian.

Schwan's Food Service develops, formulates, markets, and distributes branded frozen-food products and meal solutions to schools, hospitals, chain restaurants, convenience stores, and many other institutional channels throughout the United States. Feeding America's school children began for the company more than 36 years ago. Schwan's Food Service is now one of the leading and most innovative school foodservice companies – providing products to approximately 72,000 of the more than 96,000 public and private schools in the United States.

In 1970, Schwan purchased a 12,000-square-foot food manufacturing facility in Salina, Kansas, and employed a little more than a dozen workers. Today, the plant has grown to more than 500,000 square feet with more than 1,500 dedicated, hardworking employees. Approximately 70% of the principal product Schwan's Food Service provides to our nation's schools is produced at this facility.

Leadership and Innovation

Schwan's Food Service has been a leading innovator in developing healthy and nutritious school meal options for school foodservice directors across the country. Every day, local school foodservice directors work their hearts out to stay within budget while providing the children in their schools excellent nutrition that the children will eat. With ample justification, America's school foodservice directors are proud of the tremendous progress that they have made in advancing the nutritional quality of school meals. Most children who participate in the National School Lunch and Breakfast Programs receive the most nutritious meals of their day at school. Of course, school foodservice directors have an unrelenting commitment to improvement of nutrition and acceptance of the foods they serve. So, school foodservice directors are not resting on past accomplishments, particularly given the public health crisis that child obesity presents. As they work to provide well balanced, great tasting, nutritious, and consistent high quality options to students every day, Schwan's Food Service strives to provide them food products that meet their objectives.

Over the years, our goal to be the leader in meeting school foodservice product needs led Schwan's Food Service to be a leader in helping schools convert USDA commodities into food products that met the school needs in terms of nutrition, student acceptance, and cost. We appreciate that the USDA commodity distribution program has allowed USDA to provide market relief in commodity market exigencies and provide a strong contribution to school foodservice. Any one who has recently visited a school foodservice kitchen in the morning of a school day knows the absurdity of delivering flour, tomato sauce, and cheese to a school rather than allowing for the commodities to be processed by Schwan's Food Service or one of our competitors into pizza or another highly desired school foodservice product. Not only would the cost of local preparation be far higher, the ability to consistently achieve modern nutrition objectives would be highly questionable. We respectfully urge you to keep the USDA commodity program, including commodity processing, strong and well oriented to meeting the nutrition and budget objectives of schools.

To meet the product innovation demands of the school foodservice market, Schwan's Food Service has spent millions of dollars in research and development to make our products healthier and more nutritious, while, at the same time, making food that kids will actually eat.

- Since 1999, Schwan's Food Service has taken a leadership role in the industry by making measurable changes in our products to improve their nutritional values.
- In 1999, Schwan's Food Service introduced *Tony's® SmartPizza®* products for mainline school lunches, setting a nutritional benchmark in the category by using protein in the crust, enabling the reduction of total fat and sodium.
- In 2005, Schwan's Food Service began developing whole grain pizza crusts with whole grain product introductions 2005-2009.
- In 2006, Schwan's Food Service launched the first of its 51% whole grain school pizzas.
- Internal company standards have been established specific to sodium and fat levels.

- In 2010, Schwan's Food Service announced that it would double the number of its 51% whole grain crust school pizzas by the fall of 2011, while reducing the sodium content of these same products by up to 10%.
- Working with a consortium of ingredient providers over the past several years, Schwan's Food Service created its current breakthrough recipe for its 51% whole grain crust.
- Our products are tested with children across the country to ensure that great taste is balanced with great nutrition.

So, the role of Schwan's Food Service is to develop and deliver products that meet the nutrition, student acceptance, and budget needs of school foodservice directors. In many ways, as those demands are more challenging, our dedication to the school foodservice market serves as a competitive advantage for the company. However, we do not advocate aggressive nutrition standards for competitive advantage. Our goal is to support local school foodservice directors as they strive to provide ever more nutritious meals that are affordable and acceptable to students. We believe strongly in the wisdom of school foodservice directors in striking the best possible balance between nutritional improvement, student acceptance and budgetary limits. They watch every day to see what foods are not eaten, how many students opt in or out of school lunch on days when a particular product is served and whether middle income families in their area can afford to keep their children in the school lunch program as fees increase. Only school foodservice directors are on the front line of keeping the school meal programs both nutritionally good and economically sound. Schwan's Food Service is proud of its role in responding to the demands of school foodservice directors and we are proud that the late Alfred Schwan of Salina, Kansas and Schwan's Food Service Vice President Pat McCoy have both been honored by SNA for their industry leading contributions to school foodservice.

Naturally, that sort of unique role in serving school foodservice is achieved through focused initiatives. Permit me to summarize Schwan's Food Service's major school foodservice nutrition oriented initiatives.

LiveSmart Schools™

The LiveSmart Schools™ initiative from Schwan's Food Service offers timely information and helpful tools to help schools address increasing interest in issues surrounding childhood nutrition. In addition, we are launching a new line of innovative menu items. With LiveSmart Schools™ products, schools can strike the right balance between taste and nutrition, offering an incredible variety of healthful choices sure to please kids, parents and the greater school community. Every LiveSmart Schools™ menu item adheres to the strict nutritional criteria of the HealthierUs School Challenge (HUSSC), and it will meet the new school nutrition standards that USDA is now developing, however aggressive those standards may be.

Valuable Information and Tools

The LiveSmart Schools™ initiative from Schwan's Food Service provides school foodservice directors with an abundance of nutrition information – fact sheets, newsletter templates and more – and offers tips on how to best communicate to school administrators, school boards, parents and the media.

LiveSmart Schools™ Seal of Approval

The LiveSmart Schools™ Seal of Approval indicates products that meet the strict nutritional criteria of the HUSSC and Alliance for a Healthier Generation. Entrée products marked with the LiveSmart Schools™ Seal meet the following criteria per serving:

- 51% whole grain
- Less than 35% calories from fat
- Less than 10% calories from saturated fat
- Less than 600 mg sodium

The Live Smart™ seal on key Schwan's Food Service products help school foodservice directors identify that these items meet the strict nutritional criteria listed above.

Schwan's Food Service has introduced 20 new LiveSmart Schools products January-July 2011, with another 30+ products coming soon. No other company has developed this range of options for schools that are looking for nutritionally enhanced solutions. By the fall of 2012, these new products will represent more than 60% of the company's total school sales.

The HealthierUS School Challenge

The Healthier US School Challenge (HUSSC) was established to recognize schools that are creating healthier school environments through the promotion of good nutrition and physical activity. The USDA Food and Nutrition Service (FNS), set the criteria for which each of four levels of performance is defined. The criteria set reflect recommendations made by the 2005 Dietary Guidelines and recommendations of Institute of Medicine. In addition to nutritional changes made in the School Lunch Program, Healthier US Schools must also have a local school wellness policy. The HUSSC is supported by the First Lady's "Let's Move" campaign.

To improve the health of the Nation's children by promoting healthier school environments, changes are to be made by:

- Improving the quality of the foods served;
- Providing students with nutrition education; and
- Providing students with physical education and opportunities for physical activity.

The HUSSC has two sets of standards, one for reimbursable meals sold inside the School Lunch Program and the other for competitive foods and beverages sold outside of the School Lunch Program. The standards are outlined below:

Reimbursable Meals	Competitive Foods/Beverages
• Meet the USDA nutrition standards: -Minimum levels for calories, protein, calcium, iron,	• **Total Fat**: Contributes no more than **35% of calories** • **Trans Fat**: Less than **0.5 grams** per

vit. A, and vit. C -Maximum levels for total fat not to exceed 30% of calories and levels for saturated fat not to exceed 10% of calories • 4 different entrées or meat/meat alternative are offered throughout the week • Whole-grain foods offered three or more times a week (Bronze and Silver) • Whole-grain foods offered ever day of the week (Gold and Gold of Distinction)	serving • **Saturated Fat**: Less than **10% calories** from saturated fat • **Sugar**: No more than **35% sugar** by weight • **Sodium**: No more than **600mg sodium** per entrée • **Portion size**: Not to exceed the serving size of the food served in the NSLP

As a leader in school nutrition, Schwan's Food Service dedicated extensive research to create a line of innovative products that fit within the criteria set by the Healthier US School Challenge.

Alliance for a Healthier Generation

The Alliance for a Healthier Generation was founded in 2005 by the American Heart Association and the William J. Clinton Foundation to reduce the nationwide prevalence of childhood obesity and empower kids to make healthy lifestyle choices.

Earlier this year, Schwan's Food Service and 12 other companies teamed up with the Alliance for the Healthier Generation to make healthier school lunches possible for more than 30 million students across the country, including at least 14 million children who currently receive free and reduced price lunch as part of the reimbursable meals program. To accomplish this shared goal, we agreed to develop, market and competitively price products that will lead to healthier school meal options; streamline the ordering process; and make identifying healthy options easier.

As part of the collaboration, Schwan's Food Service will not price healthy options out of reach of school cafeterias by setting prices for healthier items that meet the Alliance's science-based standards for nutrition at prices no higher than less healthy products. The company also will increase the sales of compliant products to at least 50 % of the company's entire school sales within five years.

To be compliant, products must fall within the following categories within Alliance's guidelines for school foods:

- Lean protein products, such as lean red meat, skinless poultry, lean deli meats, fat-free or low-fat cheese, beans, and tofu.
- Low-fat lunch entrées with reduced total fat, saturated fat and sodium levels.
- Whole-grain products, such as bread, pasta and pizza crust.
- Fresh, canned or frozen fruit.

- Non-fried vegetables.
- Zero trans fat cooking oils.

The Proposed School Nutrition Standards Rule

There is no question that our nation is facing an obesity crisis. Addressing childhood obesity should be a national priority. Part of the solution lies in ensuring that the school meal programs and wellness initiatives in schools collaborate on steps to improve the health of school-aged children.

We commend USDA and FNS for its thoughtful consideration of policy and guidance aimed at enhancing the National School Lunch and School Breakfast Program. Indeed, the proposed rule represents an unprecedented effort to advance the nutritional health of school-aged children and to enhance the nutritional quality of foods and beverages served in the school meal program. We believe that many of the principles and recommendations made by the Institute of Medicine (IOM) in its 2009 report, *School Meals: Building Blocks for Healthy Children*, can serve to ground the proposed rule in sound science. That being said, Schwan's Food Service recommends certain revisions, to help ensure student acceptance and expand accessibility, while meeting the nutritional needs of today's students. Naturally, our recommendations echo the recommendations of the school foodservice directors as presented in the comments submitted by SNA, "the voice of school nutrition." I would like to emphasize that Schwan's Food Service recommends refinements in the proposed rule not for the convenience or competitive advantage of our sales to school foodservice. Schwan's Food Service has already announced a product line with over 50 offerings that meet the nutrition standards of the HealthierUS School Challenge. We recommend refinements in the proposed nutrition standards to support the very legitimate concerns of America's school foodservice directors about the need to balance nutrition objectives with considerations of cost and student taste preferences in a context where our children receive most of the food in their diet outside of school.

<u>Meal Patterns</u>

The proposed rule recommends the singular use of food-based weekly menu planning. This approach is consistent with the *2010 Dietary Guidelines for Americans*, which provides guidance to consumers to enable them to create wholesome, nutritious meal patterns over time. The proposed rule makes a rational case for the age/grade groups proposed.

However, we are concerned that the quantities required, particularly for breakfast, may exceed what the youngest age/grade group can eat. The IOM report recommends that school grade structures and meal service operations be considered to ensure that age/grade recommendations be successfully implemented. To that end, we recommend that schools have more flexibility in menu planning to allow the proposed meat/meat alternate to be combined across select days versus requiring a daily M/MA at each breakfast. Greater flexibility in meal planning enables schools to serve options such as breakfast sandwiches or yogurt that are nutritious and appeal to children, and especially helpful in schools with

alternative service models (e.g. breakfast while riding a school bus, breakfast consumed in the classroom, etc).

Sodium Reduction

We support the recommendation to reduce sodium content of foods distributed by the school meal program and foods available within the school campus. However, we proposed an extension of the timelines for sodium reduction to not only address the technical challenges, but also to align with student acceptance. We are proud to have led initiatives to improve the nutritional profile of our school product line. This includes significant reductions in the sodium content of key products distributed in school meal programs across the nation. Consistent with the IOM recommendation, we support the phase one reduction characterized as a 5 – 10% sodium reduction from baseline levels (School Nutrition Dietary Assessment-III) that targeted across four years, post implementation, not the proposed two year post implementation. Sodium reduction in school meals has never been tracked, nor has research been conducted to assess student acceptance and participation in the school meal program. A second phase of sodium reduction may become feasible *only* when research demonstrates student acceptance of the phase one (i.e. 5 – 10%). The second phase of sodium reduction requires new ingredients and technology to be successful. This approach also takes into consideration the simultaneous reduction of sodium levels in foods available outside the school environment, which can help foster a change in taste preferences of school-aged children. The third sodium reduction will be impossible to achieve without significant technological advances and broad brush shifts in sodium across the food supply and beyond the school meal program. This, in part, is due to the content of naturally occurring sodium in many foods served as part of the reimbursable meal.

Beyond sodium's role in flavor development of foods, salt and sodium serve important functional properties including: food safety in meat processing (e.g. pepperoni and sausage), texture in cheese making, leavening for bread and dough products, such as pizza crust, and to support shelf life by helping to retard mold and bacterial growth. For the food industry, many common foods require salt or sodium as part of the standard of identity. Ingredient suppliers and food manufacturers continue to pursue ways to lower or replace sodium. Very few salt/sodium replacers exist today that can quickly achieve significant sodium reduction *and* maintain organoleptic properties, sensory scores and quality expectations at a reasonable cost. These concerns are amplified as school food service organizations and food manufacturers develop foods for the school meal program. Research shows that children have more sensitive palates and are less willing to eat foods that do not look or taste like their favorites. Decreased participation rates in the school meal program threaten not only the financial integrity of the program, but also the NSLP's mission to safeguard the health and well being of school-aged children.

Whole Grains

Schwan's Food Service is a leader in providing the School Lunch and School Breakfast Program with foods made with whole grains. We agree that whole grains are those grain items that contain the germ, bran and endosperm in the same proportions as the unprocessed, raw native grain. However, there is

inconsistency as the terms “whole grain” and “whole grain rich” are cited throughout the proposed rule. Therefore, we recommend that these terms be defined and agreed upon by the USDA Food Safety and Inspection Service, FNS, as well as the Food and Drug Administration. Ingredients that are derived from grain or are themselves components of a grain such as isolated oat product and wheat starch should not be included in the definition of whole grain.

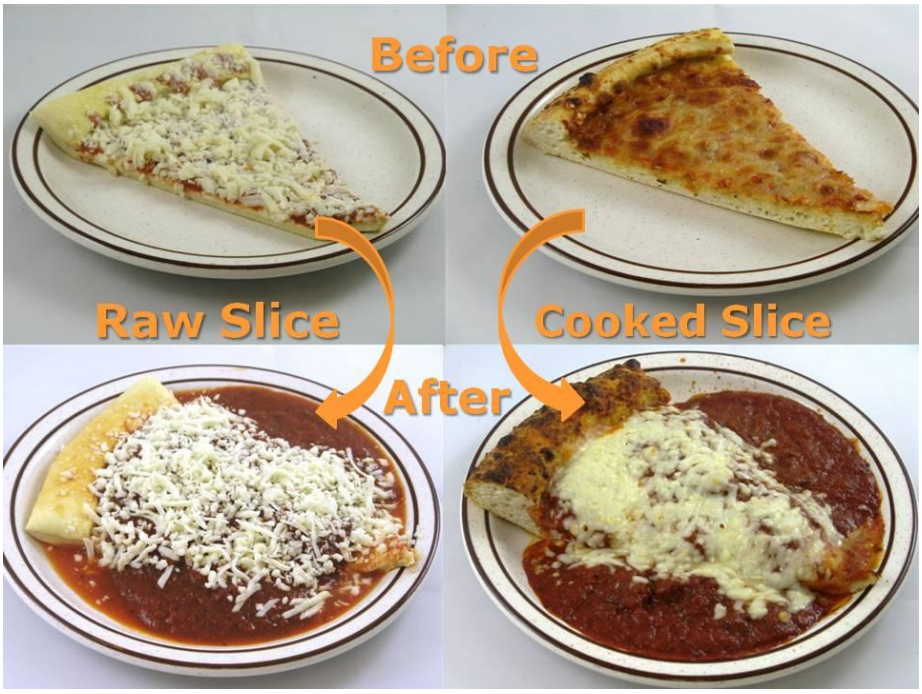
Proposing 51% whole grains as the benchmark for a significant source of whole grains does not provide the information necessary to document the actual amount of whole grains that can be credited towards the weekly whole grain requirements. The changes in calculating grain servings, as proposed from 14.75 grams (as detailed in the Food Buying Guide) to 16 grams minimum for bread serving, would require time to change current product formulations, require new product/label approvals, creating additional cost for both the manufacturer and school administrator. Therefore, we recommended a more efficient, transparent approach for crediting whole grains in a manner similar to the process of bread crediting in the Child Nutrition (i.e CN labeling) program. To illustrate this, consider that a serving of 51% whole grain bread would be credited as ½ serving of bread and ½ serving of whole grains.

Furthermore, we are concerned with the overly ambitious proposed timeline for implementing more servings of whole grains into the school meal program. Requiring only whole grain products in the school meal program is unrealistic and would require extensive resources and significant cost to implement without adequate time to evaluate student acceptance. A gradual approach to increasing whole grains is necessary to ensure optimal products are achieved without negatively impacting student acceptability and meal program participation. Agricultural production and food manufacturing must also be taken into consideration as grain production and whole grain processing will have to ramp up in order to meet demand. We recommended that USDA focus efforts of creating consensus and consistency regarding whole grain definitions and terminology, and delay the implementation of the whole grain proposal.

Tomato Paste Crediting

We do not support the proposed change regarding tomato paste crediting, which has no basis in the Dietary Guidelines or the IOM Report. We recommend maintaining the current practice of crediting tomato paste, as outlined in the current *Food Buying Guide*, on an “as if single-strength reconstituted basis.” The proposed rule would constrict important vegetable crediting and eliminate an important source of essential nutrients.

The current meal guidelines permit vegetable crediting for a variety of products. Many of the products made with tomato paste appeal to children and help sustain participation in the school meal program. By changing the crediting, many tomato-based sauces and salsa-type applications would no longer be factored into the weekly requirements for vegetables. These foods contribute important nutrients including: potassium (a nutrient of concern for children), vitamin A (specifically beta carotene), lycopene (an antioxidant) and vitamin C.



The proposed rule would lead to unintended consequences including a decreased willingness to build tomato products into school meals. Based on the proposed rule, to achieve one vegetable serving, an estimated three times (see inset photo above) the current quarter cup volume of tomato product (i.e. tomato paste, tomato sauce, or salsa) would be required. This increased amount is unrealistic for many single foods and combination foods, making the weekly vegetable serving requirement more difficult for schools to achieve. This potential consequence is contrary to the proposed rule's stated desire to increase children's consumption of foods containing magnesium and potassium. The volume-as-served method for calculating tomato paste and puree therefore does not accurately reflect the importance and nutritional value of tomato products or its role in the diets of school-aged children. Notably, the IOM *School Meals* report does not recommend a change in the way tomato products are calculated. And, for consistency purposes, the USDA Food Buying Guide for Child Nutrition Programs recognizes that 1 tablespoon of tomato paste is equivalent to ¼ cup vegetable serving. Tomato paste is nutrient dense; a tablespoon of tomato paste provides the equivalent of approximately three whole tomatoes.

Under the proposed rule, many nutrient dense foods might be eliminated from school lunch menus, including mixed dishes, soups, spaghetti and pizza. In all cases, these foods meet numerous nutrient components including grains, meat/meat alternates, and some contribute to the vegetable requirement. It's worth mentioning that, for the first time, the *2010 US Dietary Guidelines for Americans*, added a red vegetable category as part of the recommendations to consume nutrient rich vegetables.

Saturated Fat

The target value for saturated fat of less than 10% calories has been a recommendation of the *Dietary Guidelines for Americans* for more than 20 years. Most schools offer meals that meet this target, although caloric consumption in meals consumed exceeds this value. The proposed energy requirements by age/grade levels coupled with the proposed rule to offer fat-free or unflavored 1% milk should help schools move closer to the target value of less than 10% calories from saturated fat.

The proposed rule requests comments on additional changes based on the *2010 Dietary Guidelines for Americans*. We do not support lowering saturated fat consumption to less than 7% of calories as recommended by the Report of the Dietary Guidelines Advisory Committee. Final 2010 *Dietary Guidelines for Americans* did not adopt this recommendation.

Processed Foods

The proposed rule references processed foods several times and often when discouraging the consumption of foods typically high in sodium (i.e. processed meat). To ensure that communications regarding the term "processed foods" are fair and science-based, we pointed out that processed foods are often nutrient dense and contribute to the meal pattern as well as to the overall enjoyment of the school meal experience. The assumption that processed foods are unhealthy is not science based, and perpetuates the misguided belief that processed foods are inherently nutrient poor.

The definition used in the glossary of the 2010 report of the Dietary Guidelines Advisory Committee identifies processed foods as "any food other than a raw agricultural commodity including any raw agricultural commodity that has been subject to washing, cleaning, milling, cutting, chopping, heating, pasteurizing, blanching, cooking, canning, freezing, drying, dehydrating, mixing, packaging, or other procedures that alter the food from its natural state." By this definition, virtually all of the foods that would be served in school food programs under the proposed rule are processed.

Processed foods play an important role in the School Lunch and School Breakfast Program. In addition to their nutritional benefits, processed foods are often economical and convenient. These are two highly relevant and desirable qualities for school meal programs and their administrators. The extended shelf life of processed foods can reduce food waste and expedite the food preparation process. Processed foods are also integral components of popular school lunch menu items, and therefore support higher rates of student acceptance.

Conclusion

The proposed rule contains many changes to both the School Lunch and School Breakfast Program meals. Looking beyond the major changes in nutritional standards, the proposed rule would have dramatic impact on school foodservice budgets and, perhaps, the school budget as a whole. Further, we are concerned about the lack of time to evaluate the changes and the impact these changes have on

student taste and acceptance. According to USDA, its proposed rule would increase the cost of serving each school breakfast by 50 cents and each lunch by 14 cents. We respectfully submit that a vehicle for children's nutrition as critically important as school meal programs should not be subjected to dramatic changes in nutrition standards and economic pressure without opportunity for reasonable transition and full understanding of the impact that is likely to occur on various types of schools. Even if the proposed rule is revised as America's school foodservice directors have recommended, dramatic changes will be required. It's expected that many of the proposed changes will affect participation, as well as meal and food costs. We support the need for a thorough process of evaluations and extending the timelines for implementation of sodium reduction and the requirement for whole grains across the meal program. Our final recommendation is that instead of issuing a final rule, FNS issue an interim final rule compliance with which is optional pending promulgation of a final rule. A year of transition for implementation of these major changes in school nutrition standards would provide an opportunity for research and evaluations to confirm the effectiveness of the numerous changes the new rule will require. The enhanced reimbursement rate authorized by the Healthy, Hunger-Free Kids Act of 2010 would serve as a significant incentive for schools to meet the standards of the interim final rule.

I appreciate this opportunity to come before you today to provide testimony. Like other manufacturers, we recognize the important role we play in improving school meals and we look forward to ensuring that the products we make meet nutrition standards and help maintain student participation.