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Regional Administrator Barnes and representatives of USDA's Food and Nutrition Service, thank you for the opportunity today to discuss the reauthorization of the Child Nutrition Programs (CNP). My name is Monica Ganley and I am speaking today on behalf of Leprino Foods Company where I hold the position of Dairy Analyst.

Leprino Foods is a family owned company located right here in Denver. We are proud of our heritage which began in 1950 with the Leprino family making small batches of ricotta and mozzarella cheese for sale in their local grocery store. We have grown from these humble beginnings and are now the world's largest producer of mozzarella cheese. Today, we operate nine plants across the United States, manufacturing mozzarella cheese and whey products and recently announced plans for an additional plant in Greeley, Colorado. We have built our business by listening to our customers. To support our customers, we have an extensive research and development facility within our corporate headquarters where we strive to improve the functionality of our existing products and dream up novel products and applications.

Leprino mozzarella cheeses are included in many forms on the lunch line but also in a la carte entrees and snacks. These applications are an important part of our business and we value the opportunity to supply our nation's schools with nourishing and healthful cheeses. We participate in the commodity procurement processes that are administered by USDA and state agencies, working with commercial food processors and the recipient school districts.

USDA regulations and guidelines clearly have a great influence on the types and volumes of cheese that are used and served in schools. These guidelines specify the product's nutritional composition and safety standards, while other parts of the regulations stipulate the menu planning that in turn drives demand from the school districts. We offer our cheeses to schools indirectly through the competitive bid process at USDA. Generally, mozzarella is used as an ingredient on entrees such as pizza and pasta that are often procured through separate national and state commodity processing agreements.

The foods served through the school lunch program are an important part of the overall nutrition of our school-aged children. These foods must deliver the appropriate nutrition to kids in order to support their overall health and facilitate learning. However, the success of the school lunch program cannot be

measured solely by the nutritional requirements; the food must be consumed in order for the nutrition to be delivered. Therefore, the regulations and guidelines must strike a balance between nutritional goals and the reality of what kids will eat. The school lunch program needs to deliver healthy foods that are attractive enough to keep kids in school to eat lunch rather than going off campus where nutrition choices are likely to be less healthy and where there is increased risk of other negative consequences, such as afternoon absenteeism.

Thus the role of USDA and the policies that guide how food arrives on the lunch line are critical, and we appreciate this opportunity to offer suggestions on how they could be improved.

We believe that cheese has an important role that should be protected in the school lunch program because of its value as a nutrient dense food. That is, so many crucial nutrients are found in cheese that the overall nutritional profile is very strong, as compared to other foods which offer only empty calories and fat. For example, cheese is an excellent source of the protein that children need. A single serving of low moisture part skim mozzarella cheese contains 7 g of protein and 80 calories. Protein content makes cheese an excellent non meat alternative. These protein values cannot be obtained through only consuming fruits and vegetables, and a balanced, healthful diet requires the consumption of protein to promote the repair and construction of body tissues. Additionally, cheese contains the correct amino acid profile to qualify the protein source as 'high quality,' making the proteins highly usable in the human body. This same serving contains over 200mg of calcium. Furthermore, according to the National Dairy Council, a 1.5 oz. serving of cheese provides nearly 25% of the recommended daily calcium intake for children between 9 and 13 years old. This is particularly essential as data shows that school age children are particularly deficient in calcium. Vitamin A, vitamin B-12, and Phosphorus are also plentiful in cheese, where that same 1.5 oz serving provides for nearly 15%, 38%, and 18% of daily requirements for these nutrients, respectively.

Cheese is popular with children and its versatility ensures that it can be consumed in a number of ways. We believe that the incorporation of cheese as an ingredient in foods has the dual benefit of enhancing the nutrition of other food groups and increasing the consumption of other nutritious but less popular foods. For example, shredded cheese melted over broccoli adds protein and calcium and is likely to make the dish more appealing to a school age child. Pairing cheese with these types of items is likely to

enhance the palatability of the dish and lead to more children ultimately consuming the complete array of vital nutrients they need to grow and thrive.

USDA Should Require Reduced Fat and Lite Cheese for the School Lunch Program

We recognize that there is a tension between the tremendous nutritional benefits of cheese and its fat content in its full fat form. We and many other cheese manufacturers have accepted the challenge of developing lower fat varieties that may be better suited for the school lunch program in the context of today's obesity concerns. Earlier generations of reduced fat and lite cheeses generally suffered from inferior performance and palatability characteristics. That is not the case today. We recognize the importance of taking proactive steps to address childhood obesity and we are proud to state that advances in research and development have led to the creation of low fat and lite cheeses that are healthier while tasting and performing comparably to their full fat counterparts.

The Code of Federal Regulations ("CFR") defines the use of the terms "reduced fat" and "lite" (or "light") at 21CFR101.62. By definition, reduced fat and lite cheeses must contain 25% and 50% less fat, respectively, than is customarily present in its referenced version. The dominant form of mozzarella currently used in the school lunch program is low moisture part skim mozzarella. Our low moisture part skim mozzarella typically contains approximately 21.4% fat. Therefore, in order for our mozzarella to be considered "reduced fat" relative to our standard low moisture part skim product, the fat content would have to be 16.1% or less and "lite" cheese would have to contain a fat content of 10.7% or less.

Many cheese makers have worked hard to develop lower fat products that are palatable and function well in a variety of food applications. Several of these products are already offered to schools. However, the bulk of the schools continue to purchasing more traditional higher fat cheeses, perhaps because they are more familiar products or because those making the purchasing decisions have had negative experiences with earlier generations of lower fat cheeses. We are confident that the current generation of reduced fat and lite cheese provides the ideal balance of nutrition and functionality for the school lunch program. We therefore recommend that USDA discontinue the use of fuller fat cheese varieties (including low moisture part skim mozzarella) in the school lunch program and, instead, make only reduced fat and lite varieties of cheese available. In the case of mozzarella, the fat reduction requirements should be calculated relative to customary fat levels in low moisture part skim mozzarella.

This is a simple, logical step that USDA can take to combat childhood obesity. By limiting the cheese used in the school lunch program to reduced fat and lite varieties, schools can be assured that they are reducing the fat consumption related to cheese while still benefitting from the tremendous nutrient package that cheese contains.

USDA Should Exempt Reduced Fat and Lite Cheese from Other Nutrient Requirements

The nutritional benefits of reduced fat and lite cheese support its use without restriction in the school lunch program. Similar to the nut exemption, we believe that the nutrient density of reduced fat and lite cheese in combination with its ability to enhance the consumption of other healthful foods makes it an important component of school nutrition programs.

Limiting eligible cheeses for the school lunch program to reduced fat and lite varieties addresses the fat concerns in cheese to the extent that it is practical at this time. Therefore, we recommend that reduced fat and lite cheese varieties packaged individually should be exempt from any new fat and requirements. While we generally support the need to limit empty calories in junk food snacks by limiting fat and sodium content in those snacks, these limits should not stand in the way of kids getting nutrients that they need, through such healthy snacks as reduced fat or lite string cheese.

Funding

It is important to note that improved nutrition has a cost and USDA will need a higher budget for the child nutrition programs in order to accommodate that cost. Lower fat cheeses are more expensive than their full fat counterparts for several reasons. First, the ingredient costs for lower fat (and higher protein) products tend to be higher. For example, the minimum milk pricing system maintained by USDA (the “Federal Milk Marketing Order System”) sets the minimum prices to be paid for milk fat, protein, and other solids by cheese manufacturers. Over the last twelve months, the price per pound protein under the minimum regulated milk pricing system was nearly three times higher than the price per pound fat, so the fat that is displaced by protein in the reduced fat and lite cheese would result in a slightly higher ingredient costs. Additionally, the removal of fat requires some additional front end processing and results in more wear on the equipment when making a reduced fat or lite cheese. As a result of these factors, we estimate that marketplace pricing on reduced fat and lite varieties tends to be approximately 5 – 15% higher than pricing for their full fat equivalents. Therefore, in order for USDA to

continue to emphasize high protein commodity procurement without sacrificing the volume of cheese purchases, additional funding will be required.

Other Issues

Leprino Foods strongly believes that the Dietary Guidelines for Americans (DGAs) should be the guiding principal for all food sold in schools, both through the school meal programs and as competitive foods. Conforming the rules across both the meal items and the a la carte items will result in greater efficiencies that ultimately should result in more competitive pricing of foods to the program. Nationally consistent nutrition standards would make delivering a consistent and economical product easier. Put simply, two sets of rules for the same slice of pizza don't work in the marketplace. All meal planning and product procurement should be held to a consistent standard.

School meal nutrients should be averaged over the course of a week to comply with the requirements of the Dietary Guidelines. All dairy products, including reduced fat and lite cheese, can be an enjoyable part of a child's healthy diet in all schools when they are incorporated into balanced meals that meet the DGA's.

Entrees and individual food items that meet the requirements of the School Breakfast Program or the National School Lunch Program should be allowed to be sold as competitive foods.

Support of Recommendations put forth by School Nutrition Association

Leprino Foods has reviewed the "National Nutrition Standards Recommendations" developed by the School Nutrition Association and endorses their recommendations.

Administrator Barnes and the entire panel, thank you very much for this opportunity to present our viewpoint regarding the direction of school nutrition programs. We are excited to be involved in the discussion and would welcome the opportunity to talk at further length about our vision for the Child Nutrition Reauthorization and how our products can help meet the objectives of a nutritious, healthful school meal program.