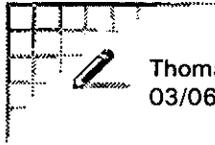


**NLWJC - Kagan**

**DPC - Box 026 - Folder 011**

**Family - Nutrition**



Thomas L. Freedman  
03/06/98 10:29:37 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Mary L. Smith/OPD/EOP, Diana Fortuna/OPD/EOP

cc:

Subject: Child Nutrition Bill

USDA is sending draft language on reauthorizing the child nutrition act to OMB today for clearance for next week. We've included a highlights summary and bill, the bill is modest and cost neutral. as you can see from the highlights page, it also has some money for food and child care. There is another interesting change that is not quite newsworthy: making the Homeless Child Nutrition program a government guarantee. That means that every homeless shelter that has a child under 12 can automatically get funds to pay for three meals a day for the homeless child. But OMB estimates that is less than \$7 million over 5 years -- partly because they think shelters won't be aware of the program. We asked them to go back and see how much it would cost if shelters did become aware of the program.

Attached is an advance copy of the child nutrition reauthorization package we expect USDA to submit soon for official OMB review. Summarized below are some of the highlights:

- **“At-risk” program** (\$5.1 million in FY99 and \$68.8 million over 5 years). This proposal would allow school and non-school programs that serve “at-risk” children between the ages of 12 and 18 to participate in the child and adult care feeding program (CACFP) during after-school hours, weekends, or holidays during the regular school year. The programs would have to be located in high poverty geographical areas and could be reimbursed for one meal supplement per child per day.
- **Transfer of the Homeless Child Nutrition Program (HCNP) to CACFP** (\$1.2 million in FY99 and \$6.5 million over 5 years). This move would provide a year-round vehicle for benefit delivery to children through age 12, and would consolidate administration and benefit delivery to homeless children in shelters under a single program.
- **Make the Kentucky/Iowa demonstration permanent** (3.7 million in FY99 and 18.5 million over 5 years). Under this demonstration, for-profit child care centers in these states in which at least 25 percent of enrollments are eligible for free and reduced price meals are eligible to participate in CACFP. This proposal would make the current demo permanent and fund the program as mandatory through CACFP. (This proposal would solve an annual appropriations problem)
- **Management and Integrity Funding** (\$1.6 million in FY99 and \$22.7 million over 5 years). This provision allows USDA to retain 1/10 of one percent of annual Program expenditures in FY99 (and 1/4 of one percent thereafter), to improve implementation of the congressionally-mandated tiering proposal and to provide for improved program quality and integrity.
- **Restructure Program accountability provisions** (-\$19.7 million in FY99 and -\$110 million over 5 years). Beginning in FY99, this provision would permit states to retain 50 percent of funds recovered through state-conducted program reviews and audits, and to use such funds for program improvements under the Child Nutrition programs.

**2 percent audit funds.** While technically called audit funds, over the years states have been unable to use this funding effectively. The reauthorization package would more effectively target program integrity resources, eliminate duplicative funding of state reviews, and provide states with additional incentives to improve accountability.

Honorable Al Gore  
President of the Senate  
Washington, D.C. 20510

Dear Mr. President:

Enclosed for the consideration of the Congress is a draft bill to amend the National School Lunch Act, the Child Nutrition Act of 1966 and the Commodity Distribution Reform and WIC Amendments of 1987. Also enclosed is a section-by-section analysis explaining the provisions of the bill. We request that it be referred to the appropriate committees for consideration and urge its prompt enactment.

The draft bill is being submitted in accordance with the notice to that effect in the President's Fiscal Year 1999 Budget submission. It is a budget neutral bill which contains offsetting budget items.

The draft bill would achieve several goals. It would facilitate State and local administration of the Child Nutrition Programs. It would support the President's initiative to help establish after school programs for children. It would help ensure accountability and integrity in the Child Nutrition Programs and the Special Supplemental Nutrition Program for Women, Infants, and Children. It would help the Department of Agriculture more efficiently and effectively operate a number of commodity distribution programs. Finally, it would extend authorizations for several of the Child Nutrition Programs and the Special Supplemental Nutrition Program for Women, Infants, and Children Program through fiscal year 2002.

The Office of Management and Budget advises that the enactment of this proposed legislation would be in accord with the program of the President.

A similar letter is being sent to the Speaker of the House of Representatives.

Sincerely,

DAN GLICKMAN  
Secretary

Enclosures

A BILL

To amend the National School Lunch Act and the Child Nutrition Act of 1966 to provide children with increased access to food and nutrition assistance, to simplify program operations and improve program management, to extend certain authorities contained in such Acts through fiscal year 2002, and for other purposes.

1           *Be it enacted by the Senate and House of Representatives of the United States of*  
2           *America in Congress assembled,*

3           **SECTION. 1. SHORT TITLE.**

4           This Act may be cited as the "Child Nutrition and WIC Reauthorization Amendments  
5           of 1998".

6           **SEC. 2. TABLE OF CONTENTS.**

7           The table of contents of this Act is as follows:

8           Sec. 1. Short title.

9           Sec. 2. Table of contents.

10          Sec. 3. Effective date.

11          **TITLE I - AMENDMENTS TO THE NATIONAL SCHOOL LUNCH ACT**

12          Sec. 101. Technical amendments to commodity provisions.

13          Sec. 102. Availability of recovered funds for management activity.

14          Sec. 103. Elimination of regional office administered programs.

15          Sec. 104. Requirement for health and safety inspections.

16          Sec. 105. Elimination of the food and nutrition projects and establishment of an adequate  
17          meal service period.

18          Sec. 106. Buy American.

19          Sec. 107. Summer Food Service Program.

- 1     Sec. 108. Reauthorization of use of CCC and section 32 funds for commodities.
- 2     Sec. 109. Child and Adult Care Food Program.
- 3     Sec. 110. Transfer of homeless programs to the Child and Adult Care Food Program.
- 4     Sec. 111. Elimination of demonstration projects.
- 5     Sec. 112. Extension of authorization for training and technical assistance funding.
- 6     Sec. 113. Funding for the Food Service Management Institute.
- 7     Sec. 114. Extension of authorization for compliance and accountability funding.
- 8     Sec. 115. Extension of authority to fund information clearinghouse.
- 9     Sec. 116. Refocusing of effort to help accommodate the special dietary needs of individuals
- 10    with disabilities.

11                    **TITLE II - AMENDMENTS TO THE CHILD NUTRITION ACT OF 1966**

- 12    Sec. 201. Elimination of regional office administered programs.
- 13    Sec. 202. State Administrative Expense Funds.
- 14    Sec. 203. Special Supplemental Nutrition Program for Women, Infants, and Children.
- 15    Sec. 204. Extension of Nutrition Education and Training Program.

16                    **TITLE III - AMENDMENTS TO THE COMMODITY DISTRIBUTION REFORM**  
17                                    **ACT AND WIC AMENDMENTS OF 1987**

- 18    Sec. 301. Customer acceptability information.
- 19    Sec. 302. Food distribution provisions.

20    **SEC. 3. EFFECTIVE DATE.**

21                    Except as provided in section 203(k)(2), this Act shall become effective on October 1,

22    1998.

1           **TITLE I--AMENDMENTS TO THE NATIONAL SCHOOL LUNCH ACT**

2           **SEC. 101. TECHNICAL AMENDMENT TO COMMODITY PROVISIONS.**

3           Section 6 of the National School Lunch Act (42 U.S.C. 1755) is amended--

4                     (1) by striking subsections (c) and (d); and

5                     (2) by redesignating subsections (e), (f), and (g) as (c), (d), and (e),

6           respectively.

7           **SEC. 102. AVAILABILITY OF RECOVERED FUNDS FOR MANAGEMENT**  
8           **ACTIVITY.**

9           Section 8 of the National School Lunch Act (42 U.S.C. 1757) is amended by adding  
10          at the end the following:

11           "(h) USE OF RECOVERED PROGRAM FUNDS.--State agencies may retain up to  
12          one-half of any program funds recovered during State conducted audits or reviews of school  
13          food authorities, institutions, and service institutions participating in food assistance  
14          programs authorized under this Act and sections 3 and 4 of the Child Nutrition Act of 1966.  
15          Funds retained under this subsection shall be used by the State agency for otherwise  
16          allowable program costs to improve the management and operations of such programs within  
17          the State, including by providing funds to school food authorities, institutions, and service  
18          institutions participating in these programs."

19           **SEC. 103. ELIMINATION OF REGIONAL OFFICE ADMINISTERED**  
20           **PROGRAMS.**

21           The National School Lunch Act (42 U.S.C. 1751 et seq.) is amended--

22                     (1) in section 7(b) (42 U.S.C. 1756(b)), by striking the second sentence;

1 (2) in section 10 (42 U.S.C. 1759), to read as follows:

2 "SEC. 10. DISBURSEMENT TO SCHOOLS BY THE SECRETARY.

3 "(a) AUTHORITY TO ADMINISTER PROGRAMS.--

4 "(1) IN GENERAL.--Except as provided in paragraph (3), until September 30,  
5 2000, the Secretary shall withhold funds payable to a State agency under this Act and  
6 disburse the funds directly to school food authorities, institutions, or service  
7 institutions within the State for the purposes authorized by this Act to the extent that  
8 the Secretary has so withheld and disbursed such funds continuously since October 1;  
9 1980, but only to that extent.

10 "(2) USE OF FUNDS.--Any funds withheld and disbursed by the Secretary in  
11 accordance with paragraph (1) shall be used for the same purposes, and shall be  
12 subject to the same conditions, as applicable to a State disbursing funds made  
13 available under this Act.

14 "(3) STATE ADMINISTRATION.--If the Secretary is administering (in  
15 whole or in part) any program authorized under this Act, the State in which the  
16 Secretary is administering the program may, upon request to the Secretary, assume  
17 administration of that program at any time prior to October 1, 2000.

18 "(b) PROVISION OF TRAINING AND TECHNICAL ASSISTANCE.--The  
19 Secretary shall provide State agencies which assume program administration from the  
20 Secretary on or before October 1, 2000 with training and technical assistance to allow for an  
21 efficient and effective transfer of administrative responsibility."; and

1 (3) in section 11(a)(1)(A) (42 U.S.C. 1759a(a)(1)(A)), by striking "Except as  
2 provided in section 10 of this Act, in" and inserting "In".

3 **SEC. 104. REQUIREMENT FOR HEALTH AND SAFETY INSPECTIONS.**

4 Section 9 of the National School Lunch Act (42 U.S.C. 1758) is amended by adding  
5 at the end the following:

6 "(h) HEALTH AND SAFETY INSPECTIONS.--All schools participating in the  
7 National School Lunch Program authorized under this Act or the School Breakfast Program  
8 authorized under section 4 of the Child Nutrition Act of 1966 in which meals are prepared on  
9 site shall twice during each school year obtain inspections that indicate food service  
10 operations meet State or local health and safety standards."

11 **SEC. 105. ELIMINATION OF THE FOOD AND NUTRITION PROJECTS AND**  
12 **ESTABLISHMENT OF AN ADEQUATE MEAL SERVICE PERIOD.**

13 Section 12(m) of the National School Lunch Act (42 U.S.C. 1760(m)) is amended to  
14 read as follows:

15 "(m) LENGTH OF MEAL SERVICE PERIOD AND FOOD SERVICE  
16 ENVIRONMENT.--Schools participating in the National School Lunch Program authorized  
17 under this Act or the School Breakfast Program authorized under section 4 of the Child  
18 Nutrition Act of 1966 shall ~~make every effort to~~ establish meal service periods that provide  
19 children adequate time to fully consume their meals in an environment which is conducive to  
20 eating such meals."

21 **SEC. 106. BUY AMERICAN.**

1 Section 12 of the National School Lunch Act (42 U.S.C. 1760) (as amended by  
2 section 105) is amended by adding at the end the following:

3 "(n) BUY AMERICAN.--

4 "(1) IN GENERAL.--The Secretary shall require that schools purchase,  
5 whenever possible, only food products that are produced in the United States.

6 "(2) LIMITATIONS.--Paragraph (1) shall only apply to schools located in the  
7 contiguous United States and to purchases for the National School Lunch Program  
8 authorized under this Act and the School Breakfast Program authorized under section  
9 4 of the Child Nutrition Act of 1966."

10 **SEC. 107. SUMMER FOOD SERVICE PROGRAM.**

11 (a) ADJUSTMENTS TO REIMBURSEMENT RATES IN THE SUMMER FOOD  
12 SERVICE PROGRAM IN SPECIFIED STATES AND TERRITORIES.--Section 12(f) of  
13 the National School Lunch Act (42 U.S.C. 1760(f)) is amended to read as follows:

14 "(f) ADJUSTMENTS TO REIMBURSEMENT RATES.--In providing assistance for  
15 breakfasts, lunches, suppers and supplements served in Alaska, Hawaii, Guam, American  
16 Samoa, Puerto Rico, the Virgin Islands, and the Commonwealth of the Northern Mariana  
17 Islands, the Secretary may establish appropriate adjustments for each such State to the  
18 national average payment rates prescribed under sections 4, 11, 13 and 17 of this Act and  
19 section 4 of the Child Nutrition Act of 1966 to reflect the differences between the costs of  
20 providing meals in those States and the costs of providing meals in all other States."

21 (b) ESTABLISHMENT OF 25 SITE LIMITATION.--Section 13(a)(7)(B)(i) of the  
22 National School Lunch Act (42 U.S.C. 1761(a)(7)(B)(i)) is amended to read as follows:

1                   "(i) operate not more than 25 sites, with not more than 300 children  
2                   being served at any one site (or, with a waiver granted by the State agency  
3                   under standards developed by the Secretary, not more than 500 children being  
4                   served at any one site);".

5                   (c) ELIMINATION OF MARCH 1 "INDICATION OF INTEREST"

6                   REQUIREMENT, REMOVAL OF MEAL CONTRACTING RESTRICTIONS, AND  
7                   VENDOR REGISTRATION REQUIREMENTS.--Section 13 of the National School Lunch  
8                   Act (42 U.S.C. 1761) is amended--

9                   (1) in subsection (a)(7)(B)--

10                   (A) by striking clauses (ii) and (iii); and

11                   (B) by redesignating clauses (iv), (v), (vi), and (vii) as clauses (ii), (iii),  
12                   (iv), and (v), respectively; and

13                   (2) in subsection (1)--

14                   (A) in paragraph (1)--

15                   (i) by striking in the first sentence--

16                   (I) "(other than private nonprofit organizations eligible  
17                   under subsection (a)(7))"; and

18                   (II) "only with food service management companies  
19                   registered with the State in which they operate" and inserting  
20                   "with food service management companies"; and

21                   (ii) by striking the last sentence;

22                   (B) in paragraph (2)--

1 (i) in the first sentence, by striking "shall" and inserting "may";  
2 and  
3 (ii) by striking all after the first sentence;  
4 (C) by striking paragraphs (3) and (4); and  
5 (D) by redesignating paragraph (5) as paragraph (3).

6 (d) REAUTHORIZATION OF THE SUMMER FOOD SERVICE PROGRAM.--  
7 Section 13(q) of the National School Lunch Act (42 U.S.C. 1761(q)) is amended by striking  
8 "1998" and inserting "2002".

9 **SEC. 108. REAUTHORIZATION OF USE OF CCC AND SECTION 32 FUNDS FOR**  
10 **COMMODITIES.**

11 Section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) is amended by  
12 striking "1998" and inserting "2002".

13 **SEC. 109. CHILD AND ADULT CARE FOOD PROGRAM.**

14 (a) REVISION TO LICENSING AND ALTERNATE APPROVAL FOR SCHOOLS  
15 AND OUTSIDE SCHOOL HOURS CHILD CARE CENTERS.--Section 17(a)(1) of the  
16 National School Lunch Act (42 U.S.C. 1766(a)(1)) is amended to read as follows:

17 "(1) all institutions (except schools and family or group day care home  
18 sponsoring organizations) and family or group day care homes must--  
19 "(A)(i) have Federal, State, or local licensing or approval; or  
20 "(ii) be complying with appropriate renewal procedures as  
21 prescribed by the Secretary and the State has no information indicating

1 that the institution or family or group day care home's license will not  
2 be renewed;

3 "(B) where Federal, State, or local licensing or approval is not  
4 available--

5 "(i) receive funds under Title XX of the Social Security Act;

6 "(ii) meet any alternate approval standards established by a  
7 State or local government; or

8 "(iii) meet any alternate approval standards established by the  
9 Secretary after consultation with the Secretary of Health and Human  
10 Services; or

11 "(C) where an institution provides care to school children outside of  
12 school hours and Federal, State, or local licensing or approval is not required,  
13 meet State or local health and safety standards; and".

14 (b) REINSTATEMENT OF CATEGORICAL ELIGIBILITY FOR EVEN START  
15 PROGRAM PARTICIPANTS.--Section 17(c)(6)(B) of the National School Lunch Act (42  
16 U.S.C. 1766(c)(6)(B)) is amended by striking "1997" and inserting "2002".

17 (c) TAX EXEMPT STATUS AND REMOVAL OF NOTIFICATION  
18 REQUIREMENT FOR INCOMPLETE APPLICATIONS.--Section 17(d)(1) of the National  
19 School Lunch Act (42 U.S.C. 1766(d)(1)) is amended --

20 (1) by inserting after the third sentence the following: "An institution moving  
21 toward compliance with the requirement for tax exempt status shall be allowed to  
22 participate in the program for a period of not more than six months unless it can

1 demonstrate to the satisfaction of the State agency that its inability to obtain tax  
2 exempt status within the six month limit is beyond the control of the institution in  
3 which case the State may grant a single extension not to exceed 90 days."; and

4 (2) by striking the last sentence.

5 (d) DISTRIBUTION OF PROGRAM INFORMATION.--Section 17(k) of the  
6 National School Lunch Act (42 U.S. C. 1766(k)) is amended--

7 (1) by inserting "(1)" before "TRAINING AND TECHNICAL  
8 ASSISTANCE"; and

9 (2) by inserting at the end the following:

10 "(2) DISTRIBUTION OF PROGRAM INFORMATION.--

11 "(A) IN GENERAL.--Each State agency shall, at least once every two  
12 years, provide notification of the availability of the program, the requirements  
13 for program participation, and the application procedures to be followed in the  
14 program to each nonparticipating institution or family or group day care home  
15 that is located in a needy area within the State and has Federal, State, or local  
16 licensing or approval or receives funds under title XX of the Social Security  
17 Act.

18 "(B) NEEDY AREA DEFINED.--For purposes of this paragraph, a  
19 needy area is a geographic area served by a school enrolling elementary  
20 students in which at least 50 percent of the total number of children enrolled  
21 are certified eligible to receive free or reduced price school meals under this  
22 Act or the Child Nutrition Act of 1966."

1 (e) ELIMINATION OF AUDIT FUNDS, ESTABLISHMENT OF MANAGEMENT  
2 SUPPORT FUNDING, PARTICIPATION BY "AT RISK" CHILD CARE PROGRAMS,  
3 AND WIC OUTREACH.--Section 17 of the National School Lunch Act (42 U.S.C. 1766) is  
4 amended--

5 (1) by striking subsection (i);

6 (2) by redesignating subsections (j) through (p) as subsections (i) through (o),  
7 respectively; and

8 (3) by adding at the end the following:

9 "(p) MANAGEMENT FUNDING.--

10 "(1) TECHNICAL AND TRAINING ASSISTANCE.--In order to assist State  
11 agencies in improving their program management and oversight under this section,  
12 the Secretary shall provide such State agencies with increased levels of training and  
13 technical assistance.

14 "(2) FUNDING.--In fiscal year 1999, the Secretary shall reserve for the  
15 purpose of carrying out paragraph (1) 1/10 of 1 percent of the amount appropriated  
16 for the purpose of carrying out this section. In fiscal year 2000 and each succeeding  
17 fiscal year, the Secretary shall reserve for the purpose of carrying out paragraph (1)  
18 1/4 of 1 percent of the amount appropriated for the purpose of carrying out this  
19 section.

20 "(q) 'AT RISK' CHILD CARE.--

21 "(1) IN GENERAL.--Subject to the conditions in this subsection, institutions  
22 that provide care to at risk school children during after-school hours, weekends, or

1 holidays during the regular school year may participate in the program authorized  
2 under this section. Unless otherwise specified in this subsection, all other provisions  
3 of this section shall apply to these institutions.

4 "(2) AT RISK SCHOOL CHILDREN.--Children ages 12 through 18 who live  
5 in a geographical area served by a school enrolling elementary students in which at  
6 least 50 percent of the total number of children enrolled are certified eligible to  
7 receive free or reduced price school meals under this Act or the Child Nutrition Act of  
8 1966 shall be considered at risk.

9 "(3) SUPPLEMENT REIMBURSEMENT.--

10 "(A) LIMITATION.--Only supplements served to at risk school  
11 children during after-school hours, weekends, or holidays during the regular  
12 school year may be claimed for reimbursement. Institutions may claim  
13 reimbursement for only one supplement per child per day.

14 "(B) RATE.--Eligible supplements shall be reimbursed at the rate for  
15 free supplements under subsection (c)(3).

16 "(C) NO CHARGE.--All supplements claimed for reimbursement shall  
17 be served without charge.

18 "(r) INFORMATION CONCERNING THE SPECIAL SUPPLEMENTAL  
19 NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.--

20 "(1) IN GENERAL.--The Secretary shall provide each State agency with  
21 information concerning the Special Supplemental Nutrition Program for Women,  
22 Infants, and Children authorized under section 17 of the Child Nutrition Act of 1966.

1                   **"(2) REQUIREMENTS FOR STATE AGENCIES.--State agencies shall--**

2                   **"(A) ensure each participating child care center (other than institutions**  
3                   **providing care to school children outside of school hours) receives materials**  
4                   **that include--**

5                   **"(i) a basic explanation of the importance and benefits of the**  
6                   **Special Supplemental Nutrition Program for Women, Infants, and**  
7                   **Children;**

8                   **"(ii) the maximum State income eligibility standards, according**  
9                   **to family size, for the Special Supplemental Nutrition Program for**  
10                   **Women, Infants, and Children; and**

11                   **"(iii) information as to how benefits under the Special**  
12                   **Supplemental Nutrition Program for Women, Infants, and Children**  
13                   **may be obtained;**

14                   **"(B) ensure that such child care centers are provided updates of the**  
15                   **information under subparagraph (A) annually; and**

16                   **"(C) ensure that such child care centers provide the information under**  
17                   **subparagraph (A) to parents of enrolled children annually."**

18                   **(f) PERMANENT AUTHORIZATION OF DEMONSTRATION PROJECT.--**

19                   **Section 17(o) of the National School Lunch Act (42 U.S.C. 1766(o)) (as redesignated in**  
20                   **subsection (e)) is amended by striking paragraphs (4) and (5).**

21                   **SEC. 110. TRANSFER OF HOMELESS PROGRAMS TO THE CHILD AND ADULT**  
22                   **CARE FOOD PROGRAM.**

1           The National School Lunch Act (42 U.S.C. 1751 et seq.) is amended--

2                   (1) in section 13(a)(3)(C)--

3                           (A) by adding "or" after the semicolon in clause (i);

4                           (B) by striking clause (ii); and

5                           (C) by redesignating clause (iii) as clause (ii);

6                   (2) in section 17 (as amended by section 109(e)), by adding at the end the  
7 following:

8           "(s) PARTICIPATION BY HOMELESS SHELTERS.

9                   "(1) DEFINITION OF ELIGIBLE SHELTERS.--Subject to the conditions in  
10 this subsection, public and private, nonprofit emergency shelters providing food  
11 service to homeless children and their parents or guardians shall be considered  
12 eligible institutions for purposes of the program authorized under this section. The  
13 term 'emergency shelter' shall have the meaning provided in section 321(2) of the  
14 Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11351(2)). Unless  
15 otherwise specified in this subsection, all other provisions of this section shall apply  
16 to these institutions.

17                   "(2) INSTITUTION AND SITE LICENSING.--Subsection (a)(1) shall not  
18 apply to emergency shelters or sites operated by them.

19                   "(3) HEALTH AND SAFETY STANDARDS.-- Both emergency shelters and  
20 sites operated by them shall comply with State or local health and safety standards.

21                   "(4) MEAL REIMBURSEMENT.—

1                   “(A) LIMITATION.--Only meals served to children through age 12  
2                   residing at an emergency shelters may be claimed for reimbursement.  
3                   Emergency shelters may claim reimbursement for no more than 3 meals or 2  
4                   meals and a supplement per child per day.

5                   “(B) RATE.--Eligible meals shall be reimbursed at the rates for free  
6                   meals under subsection (c).

7                   “(C) NO CHARGE.--All meals claimed for reimbursement shall be  
8                   served without charge.”; and

9                   (3) by repealing section 17B.

10           **SEC. 111. ELIMINATION OF DEMONSTRATION PROJECTS.**

11           Section 18 of the National School Lunch Act (42 U.S.C. 1769) is amended by striking  
12           subsections (e), (f), (g), (h), and (i).

13           **SEC. 112. EXTENSION OF AUTHORIZATION FOR TRAINING AND TECHNICAL**  
14           **ASSISTANCE FUNDING.**

15           Section 21(e)(1) of the National School Lunch Act (42 U.S.C. 1769b-1(e)(1)) is  
16           amended by striking "1998" and inserting "2002".

17           **SEC. 113. FUNDING FOR THE FOOD SERVICE MANAGEMENT INSTITUTE.**

18           Section 21(e)(2)(A) of the National School Lunch Act (42 U.S.C. 1769b-1(e)(2)(A))  
19           is amended by striking "and \$2,000,000 for fiscal year 1996" and inserting ", \$2,000,000 for  
20           each of fiscal years 1996 through 1998, and \$3,000,000 for fiscal year 1999".

21           **SEC. 114. EXTENSION OF AUTHORIZATION FOR COMPLIANCE AND**  
22           **ACCOUNTABILITY FUNDING.**

1 Section 22(d) of the National School Lunch Act (42 U.S.C. 1769c(d)) is amended by  
2 striking "1996" and inserting "2002".

3 **SEC. 115. EXTENSION OF AUTHORITY TO FUND INFORMATION**  
4 **CLEARINGHOUSE.**

5 Section 26 of the National School Lunch Act (42 U.S.C. 1769g) is amended--

6 (1) in the first sentence of subsection (a), by striking "shall" and inserting  
7 "may";

8 (2) in subsection (b), by inserting ", except that, notwithstanding any other  
9 provision of law, the Secretary may enter into a contract for the services of any  
10 organization with which the Secretary has previously contracted under this section  
11 without competing such contract, assuming such organization has performed  
12 satisfactorily under such contract and meets the criteria established in this  
13 subsection," after "shall be selected on a competitive basis"; and

14 (3) by revising subsection (d), to read as follows:

15 "(d) FUNDING.--The Secretary may provide to the organization selected under this  
16 section an amount not to exceed \$150,000 in each of fiscal years 1999 through 2002."

17 **SEC. 116. REFOCUSING OF EFFORT TO HELP ACCOMMODATE THE**  
18 **SPECIAL DIETARY NEEDS OF INDIVIDUALS WITH DISABILITIES.**

19 Section 27 of the National School Lunch Act (42 U.S.C. 1769h) is amended to read as  
20 follows:

21 "SEC. 27. ACCOMMODATING SPECIAL DIETARY NEEDS OF INDIVIDUALS WITH  
22 DISABILITIES.

1           “(a) DEFINITIONS--As used in this section:

2                   “(1) INDIVIDUALS WITH DISABILITIES.--The term ‘individuals with  
3 disabilities’ shall have the same meaning as in section 7(8) of the Rehabilitation Act  
4 of 1973.

5                   “(2) COVERED PROGRAM.--The term ‘covered program’ means--

6                           “(A) the National School Lunch Program authorized under this Act;

7                           “(B) the School Breakfast Program authorized under section 4 of the  
8 Child Nutrition Act of 1966; and

9                           “(C) any other program authorized under this Act or the Child  
10 Nutrition Act of 1966 (except for section 17) that the Secretary determines is  
11 appropriate.

12                   “(3) ELIGIBLE ENTITY.--The term eligible entity means a school food  
13 authority, institution, or service institution that participates in a covered program.

14           “(b) ACTIVITIES.--The Secretary may carry out activities to help accommodate the  
15 special dietary needs of individuals with disabilities who are participating in a covered  
16 program. Such activities may include--

17                           “(1) developing and disseminating to State agencies guidance and technical  
18 assistance materials;

19                           “(2) conducting training of State agencies and eligible entities; and

20                           “(3) issuing grants to State agencies and eligible entities.”.

21           **TITLE II--AMENDMENTS TO THE CHILD NUTRITION ACT OF 1966**

1     **SEC. 201. ELIMINATION OF REGIONAL OFFICE ADMINISTERED**  
2     **PROGRAMS.**

3             Section 5 of the Child Nutrition Act of 1966 (42 U.S.C. 1774) is amended to read as  
4     follows:

5     "SEC. 5 DISBURSEMENT TO SCHOOLS BY THE SECRETARY.

6             "(a) AUTHORITY TO ADMINISTER PROGRAMS.--

7                 "(1) IN GENERAL.--Except as provided in paragraph (3), until September 30,  
8             2000, the Secretary shall withhold funds payable to a State agency under this Act and  
9             disburse the funds directly to school food authorities, institutions, or service  
10            institutions within the State for the purposes authorized by this Act to the extent that  
11            the Secretary has so withheld and disbursed such funds continuously since October 1,  
12            1980, but only to that extent.

13                "(2) USE OF FUNDS.--Any funds withheld and disbursed by the Secretary in  
14            accordance with paragraph (1) shall be used for the same purposes, and shall be  
15            subject to the same conditions, as applicable to a State disbursing funds made  
16            available under this Act.

17                "(3) STATE ADMINISTRATION.--If the Secretary is administering (in  
18            whole or in part) any program authorized under this Act, the State in which the  
19            Secretary is administering the program may, upon request to the Secretary, assume  
20            administration of that program at any time prior to October 1, 2000.

21                "(b) PROVISION OF TRAINING AND TECHNICAL ASSISTANCE.--The  
22     Secretary shall provide State agencies which assume program administration from the

1 Secretary on or before October 1, 2000 with training and technical assistance to allow for an  
2 efficient and effective transfer of administrative responsibility."

3 **SEC. 202. STATE ADMINISTRATIVE EXPENSE FUNDS.**

4 (a) HOMELESS SHELTERS.--Section 7(a)(5)(B) of the Child Nutrition Act of 1966  
5 (42 U.S.C. 1776(a)(5)(B)) is amended to read as follows:

6 "(B) REALLOCATION OF FUNDS.--For each fiscal year, any  
7 amounts appropriated that are not obligated or expended during such fiscal  
8 year and are not carried over for the succeeding fiscal year under subparagraph  
9 (A) shall be returned to the Secretary. The Secretary shall then allocate, for  
10 purposes of administration costs, any remaining amounts among States that  
11 demonstrate a need for such amounts."

12 (b) ELIMINATION OF THE TEN PERCENT TRANSFER LIMITATION.--Section  
13 7(a)(6) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)(6)) is amended to read as  
14 follows:

15 "(6) USE OF ADMINISTRATIVE FUNDS.--Funds available to States under  
16 this subsection and under section 13(k)(1) of the National School Lunch Act may be  
17 used by State agencies for the costs of administration of the programs authorized  
18 under the National School Lunch Act and this Act (except for the programs  
19 authorized under sections 17 and 21) without regard to the basis on which these funds  
20 were earned and allocated."

21 (c) REAUTHORIZATION OF PROGRAM.--Section 7(g) of the Child Nutrition Act  
22 of 1966 (42 U.S.C. 1776(g)) is amended by striking "1998" and inserting "2002".

1     **SEC. 203. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN,**  
2     **INFANTS AND CHILDREN.**

3             (a) **ADDITIONAL PROGRAM APPLICATION REQUIREMENTS.**--Section  
4     17(d)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(3)) is amended by adding at  
5     the end the following:

6                     **"(C) PHYSICAL PRESENCE.**--All applicants shall be physically  
7                     present at each certification visit in order to receive program benefits.

8                     **"(D) INCOME DOCUMENTATION.**--All applicants shall provide  
9                     documentation of household income or of participation in a program  
10                    referenced in clauses (ii) and (iii) of paragraph (2)(A) at certification in order  
11                    to be determined income eligible for the program."

12             (b) **DISTRIBUTION OF NUTRITION EDUCATION MATERIALS.**-- Section  
13     17(e)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(e)(3)) is amended--

14                    (1) by inserting **"(A) NUTRITION EDUCATION MATERIALS.--"** after  
15                    **"(3)";** and

16                    (2) by adding at the end the following:

17                             **"(B) SHARING MATERIALS WITH CSFP.**--The Secretary may  
18                             provide nutrition education materials, including breastfeeding promotion,  
19                             developed with funds appropriated for the program under this section in bulk  
20                             quantity to State agencies administering the Commodity Supplemental Food  
21                             Program authorized under sections 4(a) and 5 of the Agriculture and  
22                             Consumer Protection Act of 1973 at no cost to that program."

1 (c) REAUTHORIZATION OF PROGRAM.--Section 17(g)(1) of the Child Nutrition  
2 Act of 1966 (42 U.S.C. 1786(g)(1)) is amended by striking "1995 through 1998" and  
3 inserting "1999 through 2002".

4 (d) EXTENSION OF AUTHORIZATION.--Section 17(h)(2)(A) of the Child  
5 Nutrition Act of 1966 (42 U.S.C. 1786(h)(2)(A)) is amended by striking "1995 through 1998"  
6 and inserting "1999 through 2002".

7 (e) INFANT FORMULA PROCUREMENT.--Section 17(h)(8)(A) of the Child  
8 Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)(A)) is amended by adding at the end the  
9 following:

10 (iii) COMPETITIVE BIDDING SYSTEM.--A State agency  
11 using a competitive bidding system for infant formula shall award  
12 contracts to the bidder offering the lowest net price unless the State  
13 agency demonstrates to the satisfaction of the Secretary that the  
14 weighted average retail price for different brands of infant formula in  
15 the State does not vary by more than five percent."

16 (f) INFRASTRUCTURE AND BREASTFEEDING PROMOTION/SUPPORT  
17 FUNDS.—Section 17(h)(10)(A) of the Child Nutrition Act of 1966 (42 U.S.C.  
18 1786(h)(10)(A)) is amended by striking "For each of fiscal years 1995 through 1998," and  
19 inserting "For each fiscal year through 2002,".

20 (g) SPEND-FORWARD AUTHORITY.--Section 17(i)(3) of the Child Nutrition Act  
21 of 1966 (42 U.S.C. 1786(i)(3)) is amended—

22 (1) in subparagraph (A)--

1 (A) by striking "and" at the end of clause (i);

2 (B) in clause (ii)--

3 (i) by inserting "nutrition services and administration" after  
4 "amount of"; and

5 (ii) by striking the period at the end and inserting "; and"; and

6 (C) by adding at the end the following:

7 "(iii) with prior approval of the Secretary, not more than 4  
8 percent of the amount of nutrition services and administration funds  
9 allocated to a State agency for a fiscal year under this section may be  
10 expended by the State agency during the subsequent fiscal year for the  
11 developmental costs of electronic benefit transfer.";

12 (2) in subparagraph (B), by striking "subparagraph (A)(ii)" and inserting  
13 "clauses (ii) and (iii) of subparagraph (A)";

14 (3) by striking subparagraphs (D) through (G); and

15 (4) by redesignating subparagraph (H) as subparagraph (D).

16 (h) MATCHING FUNDS REQUIREMENT.--Section 17(m)(3) of the Child Nutrition  
17 Act of 1966 (42 U.S.C. 1786(m)(3)) is amended by striking "total" and inserting  
18 "administrative" in both places it appears.

19 (i) RANKING CRITERIA FOR FARMERS MARKET NUTRITION PROGRAM  
20 STATE PLANS.--Section 17(m)(6) of the Child Nutrition Act of 1966 (42 U.S.C.  
21 1786(m)(6)) is amended--

22 (1) by striking subparagraph (F); and

1 (2) by redesignating subparagraph (G) as subparagraph (F).

2 (j) EXTENSION OF FARMERS MARKET NUTRITION PROGRAM

3 AUTHORIZATION.--Section 17(m)(9)(A) of the Child Nutrition Act of 1966 (42 U.S.C.  
4 1786(m)(9)(A)) is amended by striking "1995 through 1998" and inserting "1999 through  
5 2002".

6 (k) DISQUALIFICATION OF CERTAIN VENDORS.--

7 (1) IN GENERAL.--Section 17 of the Child Nutrition Act of 1996 (42 U.S.C.  
8 1786) is amended by adding at the end a new subsection as follows:

9 "(o) DISQUALIFICATION OF VENDORS CONVICTED OF TRAFFICKING OR  
10 ILLEGAL SALES.--

11 "(1) IN GENERAL.--Except as provided in paragraph (5), the State agency  
12 shall permanently disqualify a vendor convicted of trafficking in food instruments  
13 (including any voucher, draft, check, or access device, including an electronic benefit  
14 transfer card or personal identification number, issued in lieu of a food instrument  
15 pursuant to the provisions of this section), or selling firearms, ammunition,  
16 explosives, or controlled substances (as defined in 21 U.S.C. 802) in exchange for  
17 food instruments.

18 "(2) NOTICE OF DISQUALIFICATION.--The State agency shall provide the  
19 vendor with notification of the disqualification and shall make such disqualification  
20 effective on the date of receipt of the notice of disqualification.

1           “(3) PROHIBITION ON RECEIPT OF LOST REVENUES.--A vendor shall  
2 not be entitled to receive any compensation for revenues lost as a result of the  
3 disqualification under this subsection.

4           “(4) HARDSHIP EXCEPTION IN LIEU OF DISQUALIFICATION.--

5                 “(A) IN GENERAL.-- A State agency may permit a vendor that would  
6 otherwise be disqualified under paragraph (1) to continue to redeem food  
7 instruments or otherwise provide supplemental foods to participants if the  
8 State agency determines, in its sole discretion according to criteria established  
9 by the Secretary, disqualification of the vendor would cause hardship to  
10 participants in the program authorized under this section.

11                 “(B) CIVIL MONEY PENALTY.--Whenever a State agency  
12 authorizes a vendor that would otherwise be disqualified to redeem food  
13 instruments or provide supplemental foods in accordance with subparagraph  
14 (A), the State agency shall assess the vendor a civil money penalty in lieu of a  
15 disqualification.

16                 “(C) AMOUNT.-- The State agency shall determine the amount of the  
17 civil penalty according to criteria established by the Secretary.”.

18           (2) REGULATIONS.--The provisions of this subsection shall not take effect  
19 until the Secretary issues final regulations that include the criteria for determining the  
20 amount of civil money penalties in lieu of disqualification and for making hardship  
21 determinations.

1     **SEC. 204. EXTENSION OF NUTRITION EDUCATION AND TRAINING**  
2     **PROGRAM.**

3             Section 19(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)) is amended--

4                     (1) by striking paragraphs (1) and (2);

5                     (2) by redesignating paragraphs (3), (4), and (5) as paragraphs (1), (2), and (3),

6     repectively; and

7                     (3) in paragraph (1) (as redesignated by paragraph (2))--

8                             (A) in the paragraph heading, by striking "1997" and inserting "1999";

9     and

10                     (B) by revising subparagraph (A) to read as follows:

11                             "(A) IN GENERAL.--There are authorized to be appropriated such  
12                     sums as are necessary to carry out this section for fiscal years 1999 through  
13                     2002."

14     **TITLE III - AMENDMENTS TO THE COMMODITY DISTRIBUTION REFORM**  
15                     **ACT AND WIC AMENDMENTS OF 1987**

16     **SEC. 301. CUSTOMER ACCEPTABILITY INFORMATION.**

17             Section 3 of the Commodity Distribution Reform Act and WIC Amendments of 1987  
18     (7 U.S.C. 612c note) is amended--

19                     (1) by revising subsection (a)(2) to read as follows:

20                             "(2) APPLICABILITY.--Paragraph (1) shall apply to recipient agencies for  
21     the following programs:

1                   “(A) The Commodity Supplemental Food Program authorized under  
2 sections 4(a) and 5 of the Agriculture and Consumer Protection Act of 1973 (7  
3 U.S.C. 612c note).

4                   “(B) The Food Distribution Program on Indian Reservations  
5 authorized under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C.  
6 2013(b)).

7                   “(C) The National School Lunch Program authorized under the  
8 National School Lunch Act (42 U.S.C. 1751 et seq.); and

9 (2) by revising subsection (f)(2) to read as follows:

10 “(2) CUSTOMER ACCEPTABILITY INFORMATION.--

11                   “(A) IN GENERAL.--The Secretary shall ensure that information with  
12 respect to the types and forms of commodities that are most useful is collected  
13 from those recipient agencies referred to in subsection (a)(2).

14                   “(B) FREQUENCY.--Such information shall be collected at least once  
15 every two years.

16                   “(C) ADDITIONAL SUBMISSIONS. The Secretary may require  
17 submission of such information from recipient agencies participating in other  
18 domestic food assistance programs administered by the Secretary and shall  
19 provide such recipient agencies a means for voluntarily submitting customer  
20 acceptability information.”.

21 **SEC. 302. FOOD DISTRIBUTION PROVISIONS.**

1 The Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C.  
2 612c note) is amended by adding at the end the following:

3 "SEC. 15. AUTHORITY TO TRANSFER COMMODITIES BETWEEN PROGRAMS.

4 "(a) TRANSFER.--Subject to subsection (b), the Secretary may transfer any  
5 commodities purchased for one domestic food assistance program administered by the  
6 Secretary to any other such program when the transfer is necessary to ensure that the  
7 commodities will be used while they are still suitable for human consumption.

8 "(b) REIMBURSEMENT.--The Secretary shall, whenever possible and practicable,  
9 provide reimbursement for the value of the commodities transferred under subsection (a)  
10 from accounts available for the purchase of commodities for the program receiving the  
11 commodities.

12 "(c) CREDITING.--Any reimbursement made under subsection (b) shall be credited  
13 to the accounts that incurred the costs when the transferred commodities were originally  
14 purchased and shall be available for the purchase of commodities with the same limitations as  
15 are provided for appropriated funds for the reimbursed accounts for the fiscal year in which  
16 the transfer takes place.

17 "SEC. 16. AUTHORITY TO RESOLVE CLAIMS.

18 "(a) DETERMINE, SETTLE, AND ADJUST CLAIMS.--The Secretary shall have  
19 the authority to determine the amount of, to settle, and to adjust any claim or part thereof  
20 arising under any domestic food assistance program administered by the Secretary.

1           “(b) CLAIMS WAIVER.--The Secretary shall have the authority to waive such  
2 claims if the Secretary determines that to do so would serve the purposes of the particular  
3 program.

4           “(c) AUTHORITY OF THE ATTORNEY GENERAL.--Nothing contained in this  
5 section shall be construed to diminish the authority of the Attorney General of the United  
6 States under 28 U.S.C. 516 or any other provisions of law to supervise and conduct litigation  
7 on behalf of the United States.

8           “SEC. 17. PAYMENT OF COSTS ASSOCIATED WITH MANAGEMENT OF  
9 COMMODITIES WHICH POSE A HEALTH OR SAFETY HAZARD.

10           “(a) IN GENERAL.--The Secretary may use funds available to carry out the  
11 provisions of section 32 of the Agricultural Act of August 24, 1935 (7 U.S.C. 612c), which  
12 are not otherwise committed, for the purpose of reimbursing States for State and local costs  
13 associated with commodities distributed under any domestic food assistance program  
14 administered by the Secretary when the Secretary determines that such commodities pose a  
15 health or safety hazard.

16           “(b) ALLOWABLE COSTS.--Such costs may include including storage,  
17 transportation, processing, and destruction of the hazardous commodities and shall be subject  
18 to the approval of the Secretary.

19           “(c) REPLACEMENT COMMODITIES.--The Secretary also may use such funds for  
20 the purpose of purchasing additional commodities when the purchase will expedite  
21 replacement of the hazardous commodities, but the use of such funds shall not restrict the

1 Secretary from recovering funds or services from the supplier or other entity regarding the  
2 hazardous commodities.

3 “(d) CREDITING OF RECOVERED FUNDS.--Funds recovered from the supplier or  
4 other entities regarding the hazardous commodities shall be credited to the account available  
5 to carry out the provisions of section 32 of the Agricultural Act of August 24, 1935 to the  
6 extent such funds represent expenditures from that account under subsections (a) and (c), and  
7 shall remain available to carry out the purposes of section 32 of the Agricultural Act of  
8 August 24, 1935 until expended.

9 “SEC. 18. AUTHORITY TO ACCEPT COMMODITIES DONATED BY FEDERAL  
10 SOURCES.

11 “(a) IN GENERAL.--The Secretary may accept donations of commodities from any  
12 Federal source, including those commodities of another Federal agency determined to be  
13 excess personal property pursuant to section 202 of the Federal Property and Administrative  
14 Services Act of 1949 (40 U.S.C. 483(d)).

15 “(b) USE.--The Secretary may donate the commodities received under subsection (a)  
16 to States for distribution through any domestic food assistance program administered by the  
17 Secretary.

18 “(c) PAYMENT.--Notwithstanding section 202(d) of the Federal Property and  
19 Administrative Services Act of 1949 (40 U.S.C. 483(d)), the Secretary shall not be required  
20 to make any payment in connection with the commodities received under subsection (a).”

21

## **Child Nutrition and WIC Reauthorization Amendments of 1998 Section-by-Section Analysis**

Section 1 would provide that the Act may be cited as the Child Nutrition and WIC Reauthorization Amendments of 1998.

Section 2 would provide the table of contents.

Section 3 would establish the effective date for the bill as October 1, 1998, except as provided in section 203(k).

Section 101 would amend section 6 of the National School Lunch Act (42 U.S.C. 1755) by making a technical correction to an amendment to the Act by section 102 of P.L. 103-448, the Healthy Meals for Healthy Americans Act of 1994. That amendment completely revised section 6(b) to require the Secretary to provide each State with its full school lunch commodity entitlement for each school year by the end of the following school year. Prior to that amendment, subsection 6(b) required the Secretary near the end of each school year to estimate the amount of commodities which each State was to be provided, compare that to the amount to which the State was entitled and pay the State any shortfall in cash. With the enactment of the amendment, subsections (c) and (d), which provided funding authority for the previous process and exempted the funds used to make up the shortfall from State matching requirements, were made unnecessary and should have been deleted. This section would make these deletions.

Section 102 would amend section 8 of the National School Lunch Act (42 U.S.C. 1757) by giving State agencies the authority to retain up to one-half of the funds recovered in State conducted audits or reviews. Funds retained by the State would be required to be used for program improvements under the Child Nutrition Programs. As part of this activity, States would be permitted to provide these funds to schools, school food authorities, institutions, and service institutions for management and operations improvement initiatives at the local level. Use of these funds by both State agencies and local entities would be limited to those areas of allowable costs established by the Department for State Administrative Expense Funds (or in the case of the Summer Food Service Program, State Administrative Funds) and program reimbursement. The Department believes that this proposal will promote a greater State-level involvement in and commitment to the administration of these programs. It will also provide States with additional funding to increase their level of training and oversight of program operations.

Section 103 would amend sections 7, 10 and 11 of the National School Lunch Act (42 U.S.C. 1756, 1759 and 1759a, respectively) by removing the requirement that the

Secretary of Agriculture directly administer local level Child Nutrition Programs authorized under the National School Lunch Act beginning in Fiscal Year 2001. At that time, States would be required to assume administration of the Child Nutrition Programs being administered by the Department. States which chose not to administer these programs would not have them available within their States. The Secretary would not have the authority to administer these programs directly at that point.

The requirement that the Department administer programs directly was originally enacted to help ensure that Child Nutrition Program benefits were available when States were prohibited by law from disbursing program funds to non-public entities, particularly religious institutions that operate private schools. The Department now believes that this is no longer an insurmountable impediment for States--there are no State constitutional barriers that would prohibit States from operating these programs--and that local level program operators and program beneficiaries would be better served by State agencies that are closer to and more knowledgeable about the organizations and individuals participating in these programs. It would also allow for a better use of program administrative money since, with the recent assumption of administrative responsibility for several large programs by States, the Department is in the position of having to operate small, widely scattered programs with a limited amount of administrative funding. In addition, the proposal would remove the provisions in current law that States that are prohibited by law from disbursing funds to non-public entities need not match the section 4 funds paid to non-public schools or disburse their matching funds to such schools. Finally, the proposal would require the Department to provide State agencies which assume administration of programs from the Department on or before October 1, 2000 with sufficient training and technical assistance to help ensure a successful transfer of administration.

Section 104 would amend section 9 of the National School Lunch Act (42 U.S.C. 1758) by requiring that all schools participating in the National School Lunch and School Breakfast Programs in which meals are prepared on site obtain health and safety inspections covering their food service operations. These inspections would be required to take place twice during each school year to ensure that the food service operations meet State or local health and safety standards. This proposal is intended to help ensure that meals provided to school children are prepared and served in the most suitable environment, consistent with State or local standards.

Section 105 would amend section 12 of the National School Lunch Act (42 U.S.C. 1760) by eliminating the food and nutrition projects currently authorized under subsection (m) and adding a new subsection (m) which would require schools to make every effort to establish meal service periods that provide children adequate time to fully consume their meals and provide an environment conducive to eating these meals. The food and nutrition projects currently authorized under this subsection are intended to help integrate agriculture, food and nutrition into elementary school curricula. Since fiscal year 1996 a single project has been funded in a school district in Orono, Maine. The Department has provided it with an average of approximately \$50,000 in discretionary funds for fiscal years 1996, 1997 and 1998. The Department believes that activities such as this should

be funded from other sources. The Department's proposal to have schools make every effort to provide adequate meal service periods is intended help school administrators and the entire school community focus on the importance of the nutrition benefits of school meals to children.

Section 106 would amend section 12 of the National School Lunch Act (42 U.S.C. 1760) by requiring schools in the contiguous States participating in the National School Lunch and School Breakfast Programs to purchase, whenever possible, only food products that are produced in the United States for those programs.

Section 107(a) would amend section 12(f) of the National School Lunch Act (42 U.S.C. 1760(f)) by allowing for the adjustment of Summer Food Service Program (SFSP) reimbursements rates in non-contiguous States and territories where the cost of providing meals is greater than that in the contiguous States. Under current law, the Secretary may make adjustments in reimbursement rates in all the other Child Nutrition Programs to reflect differences in the cost of providing meals in Alaska, Hawaii, Guam, American Samoa, Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands when compared to other States. At the present time, the authority to adjust rates has been used only in Alaska and Hawaii. This proposal would allow for adjustments in SFSP rates in those two States. It would also apply to any of the remaining territories should they qualify for adjusted reimbursement rates in the Child Nutrition Programs. In proposing this amendment, the Department is also proposing to amend current statutory language to clarify that these adjustments are also applicable to all the meals and supplements served in the Child and Adult Care Food Program (CACFP). This is a technical correction and reflects an ongoing practice that has been determined to be consistent with the overall intent of Program reimbursement provisions in the statute. The Department estimates that this proposal would increase Federal costs by \$.2 million in fiscal year 1999 and \$1 million over 5 years.

Section 107(b) would amend section 13(a)(7)(B)(i) of the National Schools Lunch Act (42 U.S.C. 1761(a)(7)(B)(i)) by establishing a 25 site limit on private nonprofit organizations participating in the SFSP and removing the limitation on the total number of children (currently 2500) that a private nonprofit organization may serve. Because of past problems, current law limits the number of sites that private non-profit organizations may operate to 5 urban and 20 rural, with a total limit of 20. Setting a 25 site limit without regard to the type of site recognizes the fact that, as a result of additional training and monitoring, private nonprofit organizations have performed satisfactorily in the recent past and that there are numerous situations in which they are the only sponsors available to serve needy children. The Department estimates that this proposal would increase Federal costs by a minimal amount in fiscal year 1999 and \$.2 million over 5 years.

Section 107(c) would amend section 13 of the National School Lunch Act (42 U.S.C. 1761) by eliminating the SFSP March 1st "indication of interest" requirement. Current law requires that private nonprofit sponsors only be allowed to participate in the SFSP in areas where school or government sponsors have not indicated an interest in running the

program by March 1. This means that private nonprofit organizations are notified later than other service institutions of their eligibility to serve particular areas. This reduces their time for planning their program and their meal service and means that they may experience greater difficulties administering the SFSP. Enactment of this proposal would improve the quality of sponsor management by giving all service institutions adequate time to prepare.

Section 107(c) would also remove the restriction that prevents private nonprofit organizations in the SFSP from contracting with commercial or nonprofit entities for meal service. Under current law, this category of sponsor may only self-prepare meals or purchase them from public entities. Removal of the prohibition would improve Program management in rural areas, where non-commercial food suppliers are sometimes harder to find.

Finally, section 107(c) would revise the vendor registration requirements under the SFSP. Under current law, all commercial entities that wish to provide meals to sponsors must register with State agencies. This proposal would revise a requirement which has proven to be burdensome and of limited use to State agencies. State agencies that have found this provision to be beneficial would be allowed continue to require the registration of vendors.

Section 107(d) would amend section 13(q) of the National School Lunch Act (42 U.S.C. 1761(q)) by extending the authorization of the Summer Food Service Program through the end of fiscal year 2002.

Section 108 would amend section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) by extending through the end of Fiscal Year 2002 the authority to use Commodity Credit Corporation funds and funds available under section 32 of the Act of August 24, 1935 for commodity purchases in certain situations.

Section 109(a) would amend section 17(a)(1) of the National School Lunch Act (42 U.S.C. 1766(a)(1)) by allowing, in those instances in which State or local licensing or approval is not required, outside school hours care institutions (OSSHC) to participate in the CACFP if they meet State or local health and safety standards. In addition, it would exempt schools that directly operate day care programs from meeting any CACFP licensing or approval requirements or alternate approval standards where no State or local licensing or approval requirements exist. Under current law, all institutions except family or group day care home sponsoring organizations wishing to participate in the CACFP must have Federal, State or local licensing or, where no licensing or approval is available, they must meet alternate approval standards. These requirements have created problems for OSSHC institutions in some States and localities where licensing is not required. In order to participate in the CACFP, some have chosen to obtain child care center licensing because it is available. Child care center licensing is often not suitable for OSSHC institutions which frequently serve children in a non-traditional child care setting. In order to facilitate participation by OSSHC institutions that are not required to be licensed,

this proposal would specify that these institutions are only required to obtain State or local health and safety inspections to participate in the CACFP. Schools that directly operate day care programs have encountered many of the same problems with licensing and alternate approval encountered by non-school institutions that operate OSSHC programs. In addition, some State and local authorities have determined that any type of day care operated by schools need not be subject to licensing or approval requirements. Given this, the Department believes that it is unnecessary for purposes of the CACFP to require day care programs operated by schools to be licensed or approved if such licensing or approval is not required at the State or local level.

Section 109(b) would amend section 17(c)(6)(B) of the National School Lunch Act (42 U.S.C. 1766(c)(6)(B)) by reinstating categorical eligibility for free CACFP meals for Even Start participants. This proposal would reinstate the prior statutory provision which allowed such categorical eligibility through September 30, 1997. Since income eligibility limits for Even Start participation are below free meal eligibility limits, there is no reason not to facilitate the participation of these needy children by reinstating categorical eligibility. The Department estimates that enactment of this provision would result in an increase of \$.2 million in Federal spending in fiscal year 1999 and \$1.1 million over five years.

Section 109(c) would amend section 17(d)(1) of the National School Lunch Act (42 U.S.C. 1766(d)(1)) by removing 15 day time limit within which State agencies that administer the Child and Adult Care Food Program (CACFP) must notify applicant institutions that their Program applications are incomplete. Under current law, State agencies are required to notify all applicant sponsors of incomplete applications within 15 days of receipt. This requirement has over time placed a significant burden on State agencies and has not permitted them sufficient time to properly evaluate institutions' applications. States would continue to have 30 days to determine whether institutions' applications are approvable and give notification of these determinations.

Section 109(c) would also require that institutions that are "moving towards tax exempt status" in the CACFP be allowed to participate for not more than six months unless they can demonstrate that failure to get tax exempt status within six months was beyond their control. In those latter situations, States could give such institutions a single, one-time extension of 90 days in which to obtain tax exempt status. Under current law, non-public entities are required to be either tax-exempt or "moving toward" tax-exempt status. Institutions in the "moving toward" category are able to participate in the CACFP without any time limit. Over the years, the "moving toward" provision has been very difficult for States to administer and resulted in participation by institutions which were ultimately determined unqualified to participate. Revising the "moving towards" requirement in this manner would successfully address both these problems. The Department estimates that implementation of this proposal would result in some small amount of Federal savings.

Section 109(d) would amend section 17(k) of the National School Lunch Act (42 U.S.C. 1766(k)) by requiring that each State agency notify licensed or approved child care

centers, adult day care centers, outside school hours care centers and family or group day care home in needy areas of the availability of the CACFP. This notification would be required to be carried out at least once every two years and include requirements for program participation and program application procedures. Needy areas would be defined as those in which at least 50 percent of the children are certified eligible for free or reduced price school meals using elementary school data. This proposal would help target CACFP benefits to areas where there is the greatest need and would support efforts to provide quality child care for individuals in transition from welfare to work.

Section 109(e) would amend section 17 of the National School Lunch Act (42 U.S.C. 1766) by removing the authority for funding of State audits, establishing a specific management funding authority for the Department in CACFP and providing for participation in the CACFP by "at risk" adolescents. Under current law, each State is entitled to receive an annual payment equaling two percent of the CACFP program funds it spent in the second preceding fiscal year. This "two percent funding" is to be used by the State to conduct audits of participating CACFP institutions. The CACFP is the only Child Nutrition Program in which separate funding for audits is available. Over the years, it has been the Department's experience that numerous States have not been able to use this funding effectively and as much as 30 percent has not been used at all. As a result, the Department is proposing to eliminate the authority for this funding. This proposal is being made in conjunction with another proposal (found in section 102) that would allow States to retain up to one-half of funds recovered through State conducted program reviews and audits for program improvements under all the Child Nutrition Programs. The Department believes that these two proposals combined will result in improved program oversight and increased management effectiveness at the State level. The Department estimates that this proposal would result in Federal savings of \$19.7 million in fiscal year 1999 and \$110 million over 5 years.

Section 109(e) would also establish a specific management funding authority. Under this proposal, the Secretary would be authorized to reserve a small amount of funds each year to help ensure proper implementation of the family day care home tiering requirements and to provide for overall improved program quality and integrity. These funds would amount to one-tenth of one percent of Program dollars in fiscal year 1999 and one-quarter of one percent in each succeeding fiscal year. Among the uses of these funds would be: a contract with Bureau of the Census for special tabulation of children, ages 0-12, from households with income at or below 185 percent of poverty, to ensure uniform distribution of census data for implementation of area eligibility under tiering and monitoring accuracy of tier I classifications; continuing the Department's sponsor integrity initiative, improving Program monitoring and training, and ensuring that CACFP facilities meet quality standards; and adding staff to be used exclusively in the CACFP training and integrity efforts. The Department estimates that this proposal would result in increased Federal spending of \$1.6 million in fiscal year 1999 and \$20.3 million over 5 years.

Section 109(e) would allow for participation in the CACFP by centers that serve "at risk" children between the ages of 12 and 18. These centers would be able to participate in the program during after-school hours, weekends, or holidays during the regular school year. They would be required to be located in geographical areas served by a school enrolling elementary students in which at least 50 percent of the children enrolled are certified eligible for free or reduced price meals and could be reimbursed for one supplement per child per day. All supplements would be served free. The Department believes that this proposal can be an integral component of the many efforts being made at the Federal, State and local levels to help ensure the safety and well being of the Nation's older children. The Department estimates that this proposal would increase Federal spending by \$5.7 million in fiscal year 1999 and \$66.1 million over 5 years.

Section 109(e) would require the distribution of information on the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to child care centers participating in the CACFP. Under this proposal, the Secretary would be required to provide State agencies with information concerning the WIC Program including WIC benefits, WIC income eligibility standards and information as to how to obtain WIC benefits. In turn, State agencies would be required to provide this information to each child care center (other than outside school hours care centers). State agencies would also be required to provide child care centers with an update of the WIC Program income eligibility standards each year and ensure that, at least once a year, the child care centers distribute the basic WIC Program information, the income eligibility standards and information on applying for WIC benefits to the parents of enrolled children.

Section 109(f) would amend section 17(o) (as redesignated in section 109(e)) of the National School Lunch Act (42 U.S.C. 1766(o)) by making the Kentucky/Iowa Demonstration Project permanent and authorizing funding for it under the CACFP. Under this demonstration project, for-profit child care centers in these two States in which at least 25 percent of their enrollments are eligible for free and reduced meals are eligible for participation in the CACFP. The Department estimates that this proposal would increase Federal spending by \$3.7 million in fiscal year 1999 and \$18.5 million over 5 years.

Section 110 would amend sections 13(a)(3)(C) and 17 of the National School Lunch Act (42 U.S.C. 1761(a)(3)(C) and 1766, respectively) and repeal section 17B of the National School Lunch Act (42 U.S.C. 1766B) by moving the Homeless Children Nutrition Program (HCNP) and SFSP homeless sites to the CACFP. Moving the HCNP into the CACFP is consistent with the proposal being prepared by the Department to be submitted to Congress, as required under section 17B(f) of the NSLA (42 U.S.C. 1766B(f)). In addition, moving homeless sites from the SFSP to the CACFP would provide a year-round vehicle for benefit delivery to this population. Meal benefits provided in CACFP homeless sites would be for children through the age of 12 (versus 6 in the HCNP and 18 in the SFSP). This proposal would improve Child Nutrition Program management by consolidating administration and benefit delivery to homeless children in shelters under a single program. The Department estimates that this proposal would increase Federal costs by \$1.2 million in fiscal year 1999 and \$6.5 million over 5 years.

Section 111 would amend section 18 of the National School Lunch Act (42 U.S.C. 1769) by removing the statutory authority to operate a number of demonstration and pilot projects. The first of these is the outside school hours demonstration program. While the Department believes that the operation of this demonstration program was successful in meeting a need among organizations that provide activities for older children in disadvantaged areas, operating it from the Federal level was clearly not an efficient way of providing these benefits. Therefore, the Department is proposing to terminate this demonstration program and, at the same time, provide for benefit delivery to the same population through the "at risk" component of the CACFP proposed in section 109(e) of this larger proposal. This section would also eliminate the authority to operate a fortified

milk pilot project; a fresh fruit, fresh vegetable and grain-based product pilot project; a lean meat and lowfat dairy and poultry pilot project; and a paperwork reduction pilot project. The authority to operate these projects was added to the National School Lunch Act by P.L. 103-448, the Healthy Meals for Healthy Americans Act of 1994. Since their authorization, funding has never been appropriated for any of these projects. For this reason and because the Department believes that, generally, they are not a worthwhile use of Federal funds, the Department is proposing their elimination. In addition, with regard to the paperwork reduction pilot, the Department believes that there are adequate options available to local schools for counting and claiming meals and, as a result, the pilot is not necessary.

Section 112 would amend section 21(e)(1) of the National School Lunch Act (42 U.S.C. 1769b-1(e)(1)) by extending the authority for training and technical assistance funding through the end of fiscal year 2002. Since its initial authorization by P.L. 101-147, this authorization has served as the primary source of funding to the Department for training of State agencies and development of technical assistance materials related to the management and operation of the National School Lunch and School Breakfast Programs. The Department believes that it will continue to play a significant role in the administration of these programs and is, therefore, proposing its extension.

Section 113 would amend section 21(e)(2)(A) of the National School Lunch Act (42 U.S.C. 1769(b-1)(e)(2)(A)) by increasing the annual funding for the Food Service Management Institute from \$2,000,000 to \$3,000,000 to accommodate the Department's request that the Institute expand its work on the CACFP and the SFSP. The Department estimates that this proposal would increase Federal costs by \$1 million in fiscal year 1999 and \$5 million over 5 years.

Section 114 would amend section 22(d) of the National School Lunch Act (42 U.S.C. 1769c(d)) by reinstating the authorization of appropriations for Federal monitoring of State and local school food service operations through the end of fiscal year 2002. Since its initial authorization by P.L. 101-147, this authorization has served as the primary source of funding to the Department for oversight of State agencies and local school management and operation of the National School Lunch and School Breakfast Programs. Even after the authorization of appropriations expired in fiscal year 1996, Congress continued to fund this activity in fiscal years 1997 and 1998. The Department believes that it will continue to play a significant role in the administration of these programs and is, therefore, proposing its extension.

Section 115 would amend section 26 of the National School Lunch Act (42 U.S.C. 1769g) by modifying the current statutory authority for the Secretary to fund an information clearinghouse and extending such authority through fiscal year 2002. Funding for this project would be discretionary and would be authorized at an annual level of \$150,000. Since its initial authorization this project has served as a useful resource for the general public, the advocacy community and State and local government. In making this proposal, the Department wishes to have the flexibility to continue this activity.

Section 116 would amend the National School Lunch Act (42 U.S.C. 1751) by removing the statutory requirements under section 27 to provide guidance materials for providing meals to persons with disabilities and authority to administer grants to help State and local school lunch administrators accommodate the food service needs of such persons. Under those provisions, the Department, along with the Department of Health and Human Services, developed guidance material and distributed it to State agencies. Funding for the grants was appropriated in fiscal year 1995 in the amount of \$500,000. Approximately \$250,000 was awarded to States and local schools. No funds were appropriated for fiscal years 1996 through 1998. Under this proposal, the Department would refocus this effort by removing the current authorities and replacing them with discretionary authority for the Secretary to do training and technical assistance, as well as issue grants to States, in support of helping schools and child care facilities meet the needs of children with disabilities. The Department believes that this would put more flexibility into this effort and allow needs to be met as they arise.

Section 201 would amend section 5 of the Child Nutrition Act of 1966 (42 U.S.C. 1774) by removing the requirement that the Secretary directly administer local level Child Nutrition Programs authorized under the Child Nutrition Act, beginning in fiscal year 2001. At that time, States would be required to assume administration of the Child Nutrition Programs being administered by the Department. States which chose not to administer these programs would not have them available within their States. The Secretary would not have the authority to administer these programs at that point. Consistent with the proposed amendment to the National School Lunch Act found in section 103, this proposal would put administration of the Child Nutrition Programs in the hands of agencies that are closer to and more knowledgeable about the organizations and individuals participating in these programs. It would also allow for a better use of program administrative money since, with the recent assumption of administrative responsibility for several large programs by States, the Department is in the position of having to operate small, widely scattered programs with inadequate administrative funding.

Section 202(a) would amend section 7(a)(5)(B) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)(5)(B)) by conforming the statutory language governing the use of State Administrative Expense (SAE) funds to reflect the proposal found in section 110 under which the HCNP would be moved into the CACFP. Under current law, SAE funds that are not expended or carried over into another fiscal year must be returned by States to the Department. The Department is required to make such funds available to participants in the HCNP in amounts specified in the statute. Moving the HCNP into the CACFP would obviate the need for this use of SAE funds. Under this proposal, these funds would be reallocated among States demonstrating a need.

Section 202(b) would amend section 7(a)(6) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)(6)) by eliminating the ten percent transfer limitation in SAE funding. Under current law, State agencies are allowed to transfer up to 10 percent of the SAE funds provided for the administration of one Child Nutrition Program to another. This provision

unnecessarily ties the hands of State agencies and, when removed, will allow States to determine where such funds can be best utilized.

Section 202(c) would amend section 7(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(g)) by extending the authorization of appropriations for SAE funds through fiscal year 2002.

Section 203(a) would amend section 17(d)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(3)) by requiring that individuals be physically present in order to be certified for WIC Program benefits. Most State agencies already require applicants to be present at certification. However, a few States certify applicants, especially children, solely on the basis of referral data presented by the parent/primary caregiver without the child's presence at the time that the application is made. This proposal would require that all applicants appear in person to be certified for WIC participation. While referral data can provide basic information by which nutritional risk can be determined, the competent professional authority should be able to observe the applicant for critical health or developmental problems, or situations of abuse not necessarily detectable exclusively through referral data from a clinic or other health care provider at the time of application. Physical presence can also facilitate the immediate delivery of important referral services (such as age-appropriate immunization) by the WIC local agency. Finally, physical presence guards against fraudulent certifications of nonexistent ("ghost") applicants, a problem identified by auditors in past years.

Section 203(a) would also require all applicants to present documentation of household income or of participation in one of the adjunctive programs (Medicaid, Food Stamps, or Temporary Assistance for Needy Families) at the time of certification. This change would make clear the Department's authority to require State agencies to review income documentation when making initial income eligibility determinations and increase overall program integrity and accountability. Finally, this provision would authorize the Secretary to require verification of participant income eligibility information after certification when such action is deemed appropriate. State agencies currently have the option to verify income eligibility information. This proposal would not eliminate optional verification in addition to the verification requirement by the Secretary under this proposal.

Section 203(b) would amend section 17(e)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(e)(3)) by allowing nutrition education materials, including breastfeeding promotion materials, developed with WIC federal funds to be provided in bulk quantity to State agencies administering the Commodity Supplemental Food Program (CSFP) at no cost to the CSFP. This sharing would reduce duplication of effort, assure consistency of nutrition messages to similar populations, and represent a more cost-effective use of limited resources for the two programs.

Section 203(c) would amend section 17(g)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)(1)) by extending the authorization of appropriations for the WIC Program through fiscal year 2002.

Section 203(d) would amend section 17(h)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(2)(A)) by extending the requirement to designate a part of each State agency's WIC allocation for nutrition services and administration costs through fiscal year 2002.

Section 203(e) would amend section 17(h)(8)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)(A)) by requiring State agencies to offer infant formula rebate contracts to the bidder offering the lowest net price unless the State agency demonstrates to the satisfaction of the Secretary that the weighted average retail price for different brands of formula in the State does not vary by more than five percent. This provision would codify a limitation found in the WIC appropriation in recent years.

Section 203(f) would amend section 17(h)(10)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(10)(A)) by extending through fiscal year 2002 the requirement to use unspent NSA funds, up to \$10 million, to support national infrastructure (including management information systems), breastfeeding promotion and support projects, and special grants to State agencies for projects with regional or national significance.

Section 203(g) would amend section 17(i)(3)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(i)(3)(A)) by limiting the base for the funds that may be "spent forward," i.e., used by the State agency during the fiscal year subsequent to the fiscal year in which such funds are allocated by the Department, to nutrition services and administration (NSA) funds only. Funds earmarked by the Department and allocated to State agencies for the purchase of supplemental foods could no longer be spent forward by the States; unspent food funds would be returned to the Department on the established schedule and then reallocated to those State agencies who have indicated that they would be able to use them by the end of the current fiscal year. No more than one percent of a State agency's NSA funds could be spent forward, except that, with prior approval from the Secretary, State agencies could spend forward up to an additional four percent of NSA funds for developmental costs of Electronic Benefit Transfer. This amendment would also eliminate the authority for State agencies implementing cost containment measures to "spend forward" as much as three to five percent of program funds into the subsequent fiscal year. These changes would make additional funds available for allocation to State agencies and would help reduce the level of program funds that are carried over into subsequent fiscal years. Finally, this amendment would eliminate an obsolete provision that authorized expanded "spend back" of food funds for fiscal year 1991.

Section 203(h) would amend section 17(m)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(3)) by revising the matching requirement for participating FMNP State agencies (currently 30 percent for geographic States and 10 percent for Indian Tribal Organizations (ITOs) with demonstrable financial hardship) so that it is applied only to the administrative portion of the FMNP program costs, rather than to the total cost of the program. This revision would result in a reduced match amount for States and ITOs, and would be applied on a similar basis with the match requirement for other programs, such as the Food Stamp Program, that are administered by the Department through the Food

and Nutrition Service. It will also enable more States to participate in the FMNP that have heretofore been unable to do so because they could not meet the larger match requirement.

Section 203(i) would amend section 17(m)(6) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(6)) by eliminating the legislatively-specified criteria for ranking new State Plans for the Farmers Market Nutrition Program (FMNP). Current law requires the Secretary to establish objective criteria for the approval and ranking of FMNP State plans. The law also requires that certain factors, some of which are unclear and others that have become outdated, be considered in the ranking process. This proposal would continue to require the Secretary to establish objective criteria for ranking new State Plans, but would eliminate the specific factors currently stipulated for this process, thus enabling the Department to adapt to issues and/or priorities that may change from year to year.

Section 203(j) would amend section 17(m)(9)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(9)(A)) by extending the authorization of appropriations for the WIC Farmers' Market Nutrition Program through fiscal year 2002.

Section 203(k) would amend section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) by requiring State agencies to permanently disqualify, except in hardship situations, WIC vendors who have been convicted of trafficking in WIC food instruments, or of the sale of firearms, ammunition, explosives, or controlled substances (as defined in 21 U.S.C. 802) in exchange for WIC food instruments. Such disqualifications would become effective upon receipt of the notice of disqualification. The vendor would not be entitled to compensation for any revenues lost, even if the disqualification is subsequently reversed through administrative or judicial review. Whenever the State agency identifies a hardship situation, the State agency would be required to assess a civil money penalty in lieu of disqualification. This proposal would ensure greater integrity in WIC vendor management.

Section 204 would amend section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) by removing the \$10,000,000 annual authorization of appropriations for the Nutrition Education and Training (NET) Program. Instead, such sums as are necessary would be authorized and the current formula for allocating the funds would remain. In addition, this proposal would remove obsolete provisions in subsection (i).

Section 301 would amend section 3 of the Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note) by redefining the applicability of requirements for the collection of Customer Acceptability Reports, and to redefine the frequency for collecting customer acceptability information. The amendment would remove the requirement that customer acceptability information be gathered for the Nutrition Program for the Elderly (NPE) and child and adult care centers. It would provide the Secretary with authority to collect such information from all domestic food assistance programs on an "as needed" basis. In addition to any information submissions the Secretary may mandate for organizations that are not required to submit customer acceptability

information at least once every two years, the Secretary would be required to provide such organizations an efficient and effective means of voluntarily providing such information when they so desire. The majority of NPE sites choose to receive cash in lieu of commodities, and a relatively limited number of recipients receive commodities in child and adult care centers. Furthermore, these programs can choose from the same broad array of commodities available to the National School Lunch Program. Therefore, the paperwork burden imposed on program operators by this requirement far outweighs the minimal impact of the information they provide. While the amendment would continue to require the collection of customer acceptability information for the Commodity Supplemental Food Program, the Food Distribution Program on Indian Reservations, and schools receiving commodities under section 6 of the National School Lunch Act, the Secretary would have the authority to determine the frequency under which such information will be collected, except that it would have to be collected at least every two years. It should be noted that the Department has significantly increased interactions with program operators, so that the Customer Acceptability Reports play a greatly diminished role as expressions of commodity preferences. This amendment would facilitate the Department's paperwork reduction efforts by easing the current burden associated with the collection of customer acceptability information by an estimated 50 percent without diminishing program cooperators' input into the selection of commodities.

Section 302 would add new sections 15, 16, 17, and 18 to the Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note). Section 15 would authorize the Secretary to transfer commodities among domestic commodity distribution programs when the transfer is necessary to ensure that such commodities are used while they are still suitable for consumption. It may not always be possible for a specific program to utilize in a timely manner all commodities purchased for donation to it. This amendment would authorize the Secretary in these situations to transfer such commodities to other domestic food assistance programs. The only alternative to transfers may be disposal of the commodities, at a loss to the program. It would also require that, when transfers are made, to the extent possible and practicable, reimbursements for the value of the commodities transferred be made to the account which was used to pay for the product initially. Furthermore, such reimbursements would be available in the reimbursed account for the purchase of commodities with the same limitations as are provided for appropriated funds for the reimbursed account for the year in which the transfer took place. Section 15 would only apply to purchases made with appropriations for a particular domestic food assistance program. Commodities acquired under price support and surplus removal authorities would not be covered because current legislation authorizes the Secretary to donate such commodities to a variety of programs, giving the Department more flexibility to ensure their use while they are still suitable for consumption.

New section 16 would authorize the Secretary to determine, settle, adjust or waive claims arising under the domestic commodity distribution programs. Currently, such authority only exists for some of these programs.

New section 17 would authorize the Secretary to use funds available to the Department

under section 32 of the Act of August 24, 1935 to reimburse States for State and local costs associated with commodities provided by the Department but subsequently determined by the Secretary to pose a health or safety hazard to recipients, and to purchase additional commodities when such purchases will expedite replacement of any commodity posing a health or safety hazard. Currently, in cases where a contract violation cannot be identified in connection with such commodities, the Department has limited ability to reimburse States for such costs or to purchase replacement commodities, thus causing some States to absorb these costs through no fault of their own. In instances in which funds are recovered from the supplier of the commodity or other entities, such funds will be credited to the section 32 account to the extent that such funds represent reimbursement of expenditures from that account for the purposes described above. Funds thus credited to the section 32 account would remain available to carry out the provisions of section 32 without fiscal year limitation.

New section 18 would authorize the Secretary to accept donations of commodities from other Federal sources for distribution to States through domestic food assistance programs for use in providing food assistance to the needy. It would also exempt the Department from paying 25 percent of the value of the commodities when they are donated as excess property under the Federal Property and Administrative Services Act of 1949. Currently, the Department does not have clear authority to accept donations of commodities from any source for distribution to States through the domestic food assistance programs. This uncertainty, together with the requirement to pay 25 percent to the donor agency, resulted in the Department having to refuse an offer to donate commodities made by the Department of Defense, which was in the process of reducing inventories. This authority could enhance the Department's ability to address the nutritional needs of low-income citizens at no additional cost.

**Cost Estimates by Section, Relative to Baseline (All \$ in Millions)**

Section No.	Provision:						FY1999- FY2003
		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Total
107(a)	Increase SFSP operating rates (cash meal reimbursements) for meals served in Alaska and Hawaii.	0.2	0.2	0.2	0.2	0.2	1.0
107(b)	Increase SFSP site limit for private non-profit org. to 25 and eliminate separate limits for rural and urban sites.	0.0	0.0	0.0	0.0	0.0	0.2
109(b)	Re-instate categorical eligibility of Even Start participants	0.2	0.2	0.2	0.2	0.2	1.1
109(c)	Instate maximum time limit of 9 months for CACFP participation by organizations not yet tax exempt, but 'moving toward tax exempt' status.	.	.	.	.	.	.
109(c)	Provide 1/10 of 1 percent of total CACFP cost for management support and improvement in FY1999 and 1/4 of 1 percent each year thereafter.	1.6	4.3	4.5	4.8	5.1	20.3
109(e)	Eliminate 2% CACFP audit funds starting in FY1999**	-19.7	-20.3	-21.8	-23.3	-24.9	-110.0
109(e)	Allow schools and non-profit organizations to provide snacks under CACFP to 'at-risk' children ages 12-18 participating in after school care programs.	5.7	11.6	15.7	16.3	16.8	66.1
109(f)	Make permanent the demonstration in KY & IA, for CACFP participation by certain for-profit child care centers.	3.7	3.7	3.7	3.7	3.7	18.5
110	Move Homeless Child Nutrition Program and SFSP homeless sites into CACFP and establish age limits as 0-12.	1.2	1.2	1.3	1.4	1.4	6.5
113	Increase annual funding for Food Service Management Institute by \$1 million	1.0	1.0	1.0	1.0	1.0	5.0
<b>Total</b>		<b>-6</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>9</b>

Notes:

\* Denotes minimal savings

\*\* Reflects fact that States are currently not using all of the 2% funds.

Although FNS has been directed to not score (for offset purposes) the effects of the 50% recovery provision (Section 102), the following shows FNS's estimate of the provision's effect and shows that it provides States with about 1/2 of the 2% audit funds removed by Section 109(e).

Estimated State Collections through 50% recovery provision	8.8	9.8	13.9	13.9	13.9	60.1
Estimated Federal Savings from Allowing State to keep 50%***	8.8	38.0	42.1	42.1	42.1	173.0

\*\*\* Includes an assumed small deterrence effect.

Family Nutrition -  
school breakfast

THE WHITE HOUSE  
WASHINGTON

Date 12/23

To: Bruce Reed, Elena Kagan

From: The Staff Secretary

Do you want to do a  
cover memo for this before I  
forward it to the President?

PLM

cc: Sylvia Mathews



THE SECRETARY OF AGRICULTURE  
WASHINGTON, D. C.  
20250-0100

'97 DEC 23 PM 2:1

Wednesday, December 23, 1997

MEMORANDUM FOR THE PRESIDENT

From: Secretary Dan Glickman

A handwritten signature in black ink, appearing to read "Dan Glickman".

Subject: Child Nutrition Reauthorization/School Breakfast Initiative

I urge you to consider including a school breakfast initiative as part of your State of the Union message. While I briefly outlined the issue at the budget appeal on Friday December 19, 1997, I want to explain the proposal in more depth and outline how it dovetails with your child care and education initiatives.

The nation's major child nutrition programs expire in 1998, and require reauthorization. Not since the Carter Administration has a President had the opportunity to set forth his commitment to provide school meals to millions of children. Democrats in both houses of Congress, including Senators Daschle, Johnson and Reed of Rhode Island, and Congressman Miller of California, are preparing major initiatives to augment the school nutrition programs, with particular emphasis on providing free school breakfast for most elementary school children.

What we are proposing is school breakfast at no charge for all children in pre-kindergarten through third grade. 26 million children currently participate in the school lunch program, and approximately 14 million receive free or reduced price school lunches. By comparison, the current school breakfast program only reaches 7 million children each day. In schools where breakfast is available, only 20% of children eat breakfast and more than 85% of these children are low income. We estimate that large numbers of middle and upper-middle income students also do not eat breakfast at home or at school.

By making school breakfast available at no cost to all children in pre-kindergarten through third grade, we will remove the stigma that accompanies eating breakfast at school, and we will be able

to reach additional at-risk children. We estimate that 600,000 additional children will participate in school breakfast the first year and one million by the third year. The cost of the initiative I proposed for grades pre-kindergarten through third grades is \$217 million for the first year and 1.2 billion over 5 years while the congressional initiative (kindergarten through six grades) will cost nearly double that amount. ]

Why do this? What is its impact? Recent research by the State of Minnesota and the Harvard/Kellogg Hunger Breakfast Project shows that students who eat school breakfast have improved math grades, reduced hyperactivity, decreased absences and tardy rates, and improved behavior. The researchers observed that the students displayed fewer signs of depression, anxiety, hyperactivity, and other behavioral problems therefore they were more inclined to learn. Two new studies which support these findings will be published in *Pediatrics* in January and in the *Journal of the American Academy of Child and Adolescent Psychiatry* in February. The initiative is compatible with the findings of the White House Conferences on the Brain, Child Care, and other education initiatives; it reinforces my belief that the school breakfast program should be seen as an education program, not a welfare program.

Let me emphasize that point: This is an education and child development initiative, not an income security proposal. We provide every child books, desks, and transportation not as a form of income supplement, but to enhance their education and that is what this proposal is about. What is missing from our education initiatives now is the foundation upon which the value of these other investments rest: A good breakfast so our children can be the best students possible.

I want to see the Administration get credit for a good idea that I believe Congress will act on. Even if we need to phase-in the initiative to fit budget constraints, we can do so and still get credit for the idea. We need to be leading and not following on this initiative. We will also have the support of the food and education advocacy groups in the process, as well as a number of groups who represent labor and low and middle income working Americans.

In the 104<sup>th</sup> Congress, the Republican attack on the school lunch program was devastating for them. Some believe that the attack was the most lethal attack on the Republican agenda, largely because food for children has strong, middle class appeal. A school breakfast initiative has the same

programmatic and political advantages. We have the opportunity to make a bold statement of policy concerning the direct relationships between child nutrition and learning and the importance of school nutrition programs, particularly school breakfast.

I understand the competing budget pressures, but this is an outstanding opportunity to leave an imprint and legacy like the Truman Administration did in 1947 when it first proposed the school lunch program.

*Happy Holidays Mr. President.*

HARVARD MEDICAL SCHOOL



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December 12, 1997

William J. Clinton  
President of the United States  
Hillary Rodham Clinton  
The White House  
Washington, DC 20447

Dear President and Mrs. Clinton:

We are writing to support the Meals for Achievement Act that has recently been proposed in the U.S. Congress.

A recent study by the USDA estimated that 6% of all US children are hungry and that an additional 18% are food insecure. A decade of research in eighteen states by the Community Childhood Hunger Identification Project (CCHIP) had produced estimates of 8% hungry and 21% at risk for hunger. These studies make it clear that hunger and food insecurity are extremely common, involving about one quarter of all US children.

We are in the fifth year of a series of studies, which we recently discussed with Shirley Watkins, Under Secretary of Agriculture for Food, Nutrition, and Consumer Services, that have documented that public school children from Pittsburgh, Baltimore, and Philadelphia who are classified as hungry or at risk by the CCHIP measure perform much more poorly on standardized measures of academic performance and emotional adjustment. Papers describing these findings are scheduled to be published in *Pediatrics* in January and in the *Journal of the American Academy of Child and Adolescent Psychiatry* in February.

There is also clear evidence that an increase in school breakfast participation is associated with significant positive improvements on a number of critical indicators like school grades, attendance, punctuality, classroom behavior, and emotional adjustment. Our study confirming this has recently been submitted to the Archives of Pediatrics.

Finally we have also shown that although in most schools, breakfast participation is only about one quarter of the rate of school lunch participation, it is possible to bring the rate of breakfast participation up to the level of lunch participation. When school breakfast participation goes up, significant improvements are evident in school-wide indicators of success like decreases in the rates of absence, tardiness and disciplinary incidents.

Our results are quite similar to those that have recently been reported from the University of Minnesota about a free breakfast program that was provided in six schools in that state. The fact that the two sets of studies were done completely independently in two different parts of the country by two different research teams and yet came up with such similar results makes both sets of findings even more powerful.

After reviewing our results in Baltimore, Dr. Robert E. Schiller, the Acting Superintendent of Schools, has decided to offer classroom feeding to all of the more than one hundred elementary schools in the district beginning in the Spring of 1998. We have enclosed a letter of support that he has written for the Meals for Achievement Act.

We believe that school breakfast expansion is one of the most cost-effective ways to boost student performance and that it should have an important place in education's armamentarium for the battle to improve this country's schools.

Thank you for your consideration of this legislation and best wishes for a joyous holiday season.

Sincerely,

  
Ronald E. Kleinman, M.D.

REK/cgo

**Children's  
Hunger  
Initiative  
for  
Learning  
and  
Development**



# Introduction

- Hunger still exists among America's children
- The School Breakfast Program currently does not reach many low-income children
- Breakfast is crucial to children's health and learning

Health and well-being of children is the top priority of the Administration

Welfare-to-Work

Ready-to-Learn

Quality Child Care

Early Childhood Development

Childhood Anti-Hunger

**CHILD is the foundation of these administration initiatives**

# Investment

Strengthens the Nation's investment in children

- In the tradition of WIC

- Hand-in-hand with Head Start

# Legacy

**CHILD** would be our nutrition legacy to our children and their future

- First re-invention in 20 years
- Creates seamless child nutrition programs
  - Provides missing link - breakfast K-3
- Expands quality child care

# Leadership

Presidential leadership is essential to assure a comprehensive Child Nutrition Program for the 21st century

- Advocacy groups moving forward
- Congress moving forward
- Widespread public support

# **Child Nutrition Bills in Congress**

**“Meals for Achievement Act” - HR 3086**

- **Representative Woolsey**
- **All breakfasts free in elementary schools**
- **After school snacks in all schools**

**“Meals for Achievement Act” - S 1396**

- **Senator Johnson (Senator Daschle, Co-Sponsor)**
- **All breakfasts free in elementary schools**

**“Child Nutrition Initiatives Act” - S 1556**

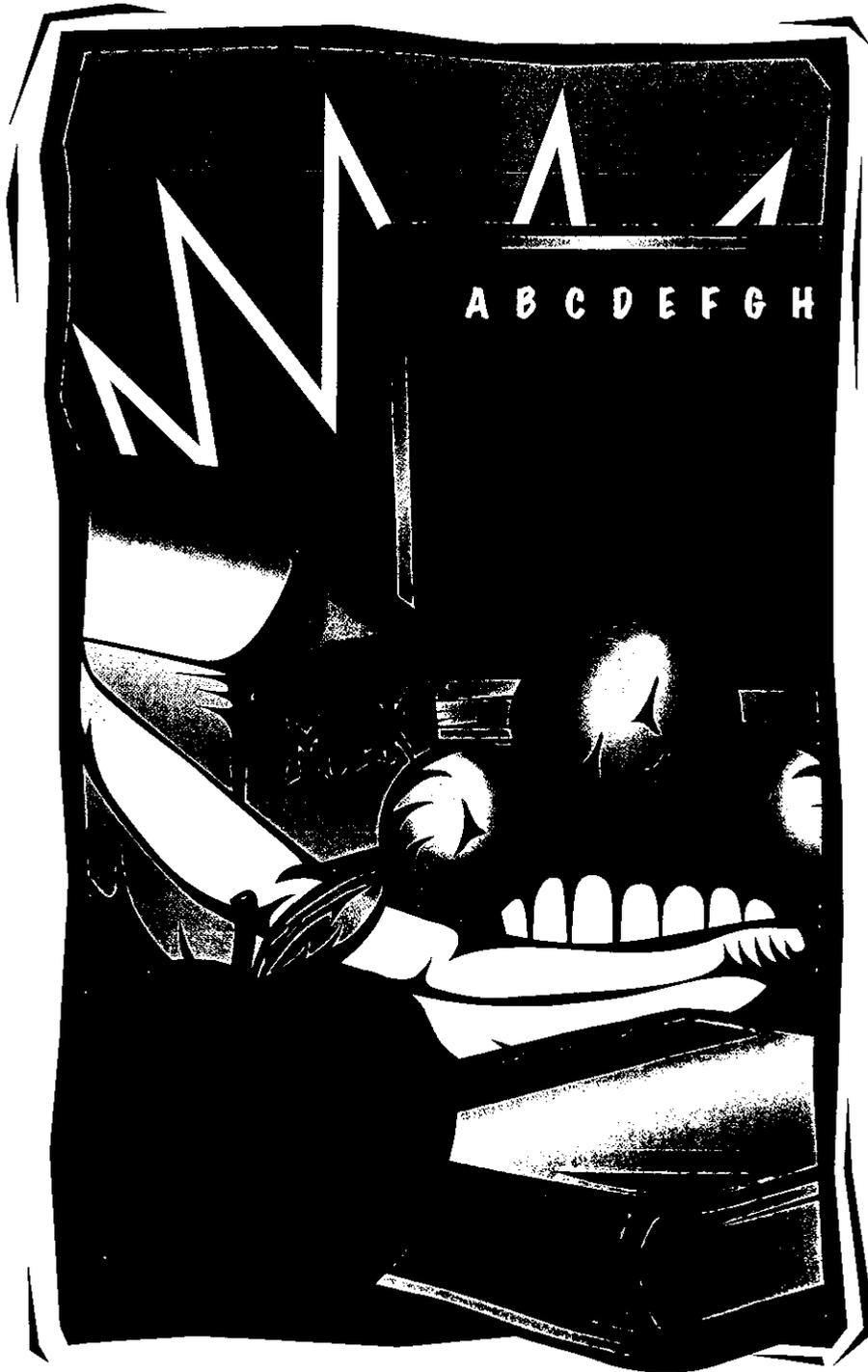
- **Senator Leahy**
- **Restoration of welfare reform cuts**

# List of Supporters

- Assn. of Federal, State, County and Municipal Employees (2 million members)
- Children's Defense Fund (several hundred organizations)
- National Farmers Union (300,000 farm families)
- National Assn. of WIC Directors (1,200 local and State nutrition officials)
- American Academy of Pediatrics (53,000 pediatricians)
- National PTA (7 million members)
- American Dietetic Assn. (70,000 members)
- Bread for the World (50,000 members)
- American School Food Service Assn. (65,000 members)
- Second Harvest (185 food banks serving 50,000 charities)
- Society for Nutrition Education (2,500 PhD nutrition educators)
- American Assn. of School Administrators (1,500 local education CEOs)
- National Education Assn. (2 million members)
- YWCA of USA (1 million women and girls)
- Food Research and Action Center (3,500 organizations)
- U.S. Conference of Mayors (1,110 mayors of cities of over 30,000 population)

family

# School Breakfast Programs Energizing the Classroom



A Summary of the  
First and Second Year  
Study of the Universal  
School Breakfast Pilot  
Program in Minnesota  
Elementary Schools

Minnesota  Children  
Minnesota Department of Children, Families & Learning

CLINTON LIBRARY PHOTOCOPY

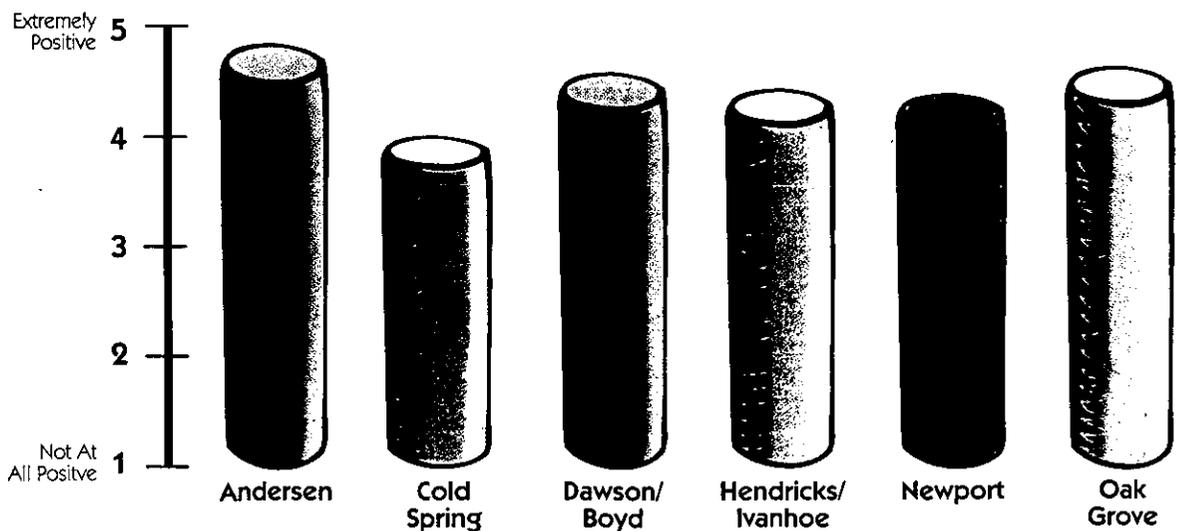
## Introduction

In 1994, the Minnesota Legislature directed the Minnesota Department of Children, Families & Learning (then the Minnesota Department of Education) to implement a universal breakfast pilot program integrating breakfast into the educational schedule for all students. The Department awarded grants to four elementary schools. Two additional sites were able to join the program through a corporate partnership. The Department was also charged with annually evaluating these sites to determine the impact of school breakfast on children's school performance including discipline, test scores, attendance and other measures of educational achievement.

The evaluation, performed by The Center for Applied Research and Educational Improvement (CAREI) at the University of Minnesota, shows that, when all students are involved in school breakfast, there is a general increase in learning and achievement. As the graph indicates, teachers' overall attitudes about the effect of school breakfast is overwhelmingly positive.

Clearly these pilot breakfast programs infuse a new level of energy into the school day: students are more attentive and are in the classroom more consistently, teachers support the program and appreciate the positive effects on students, for parents the program is more consistent with their children's natural sleeping and eating routines and it relieves some of the stress of rushed mornings. It is also an opportunity for community and parental participation in the educational process. At the pilot sites, school breakfast programs are more than cereal, fruit, toast and milk for a sleepy child prior to the start of class. It is a vital part of the curriculum and an integral element of a productive and successful educational day.

Teachers' Overall Feelings About Breakfast Project in Year 2



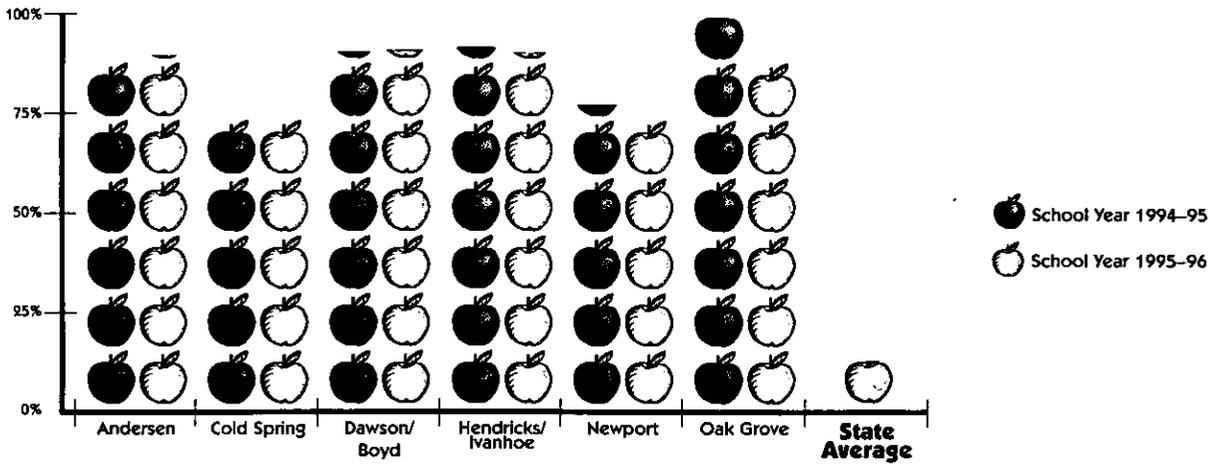
## Participation

Data collected before this pilot program revealed that in schools with breakfast programs only 12% of students participated and only about half the students eligible for free or reduced meals ate breakfast most or all the time. By involving all students, these pilot programs eliminate the stigma of subsidized meal programs. Students from all socioeconomic levels participate. Thus, on a nutritional basis they all start the school day equally. The extremely high participation rates, ranging from 75% at Newport Elementary to 91% at Dawson/Boyd, affirm that the programs are well-liked by students.

***"I think it's good because everyone is the same now."***

— Dawson/Boyd Elementary student

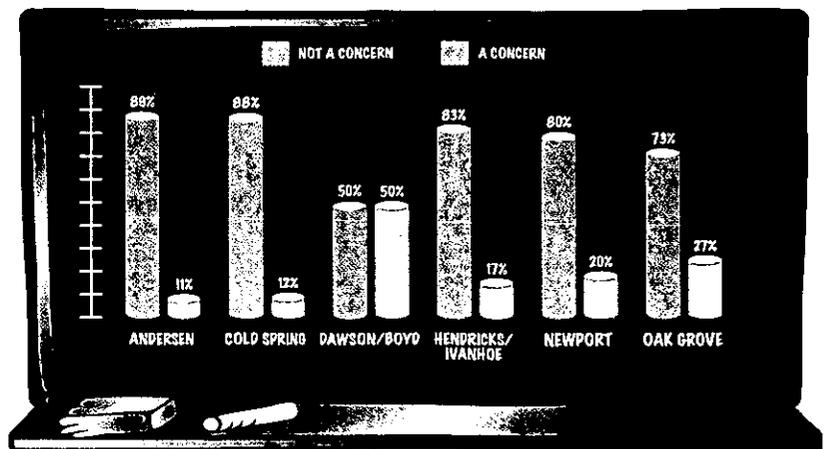
### Participation Rates in School Breakfast Programs



## Integration Into The School Day

Administrators report that school building and community attitude toward school breakfast remains positive. Food service personnel and advisory committees work closely with teachers to create programs that fit smoothly into the daily schedule and reinforce the curriculum by stressing the importance of nutrition. Some people feared that breakfast would cut into valuable classroom time. This did not materialize. Some classes use the time for reading, some watch educational programming and others complete worksheets as they eat. As the graph shows, teachers express very little concern over the time it takes for school breakfast. Furthermore, school breakfast has become a vital part of the educational day.

### Teachers' Level of Concern for Time Away From Learning Early Spring 1996



## Learning Readiness

***"I really notice the difference this year. Last year I saw improved concentration, this year I see less aggression and improved attitudes."***

— Newport 2nd grade teacher

At the pilot sites, students are better prepared for learning than ever. School breakfast helps reduce several of the common roadblocks to learning. When students are at the nurse's office, they aren't learning. When one student's behavior disrupts the classroom, all students lose valuable learning time. When students are hungry or have headaches, they stop paying attention to the lesson. School breakfast helps eliminate many of these problems. Individual students and whole classrooms are better prepared for learning.

## Increased Student Attention

***"I believe breakfast eliminates that mid-morning tired—lag—so learning continues until lunch."***

— Hendricks/Ivanhoe teacher

According to teachers, students are more energetic at the start of the day and complaints about mid-morning hunger have noticeably decreased. One teacher noted that school breakfast gets her day started on a positive note and that students no longer complain about headaches or being hungry at 10:30 A.M. This was typical of all sites. Despite long bus rides and early starting times, students now have the energy to stay alert through the entire morning.

## Improved Student Behavior

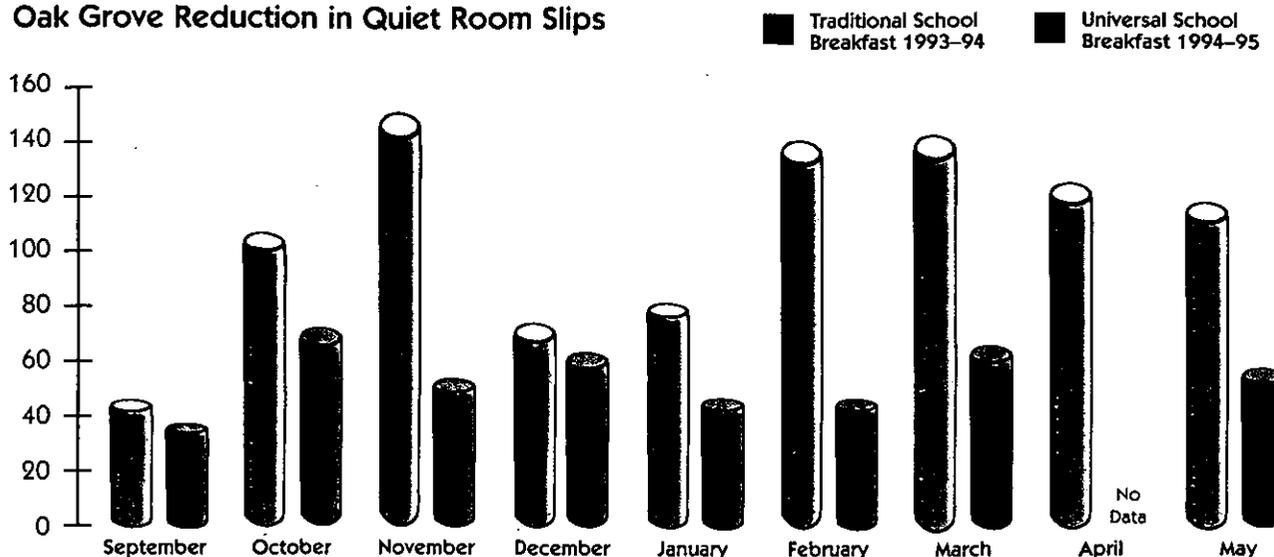
***"Breakfast for my child helped him to concentrate better on school work rather than thinking how much longer it would be till lunch."***

— Cold Spring Elementary parent

Classes at the pilot sites lose less educational time due to discipline problems. Nutritious school breakfast increases attention span and reduces class disruption. Fewer students are sent to the principal's office. Administrators feel that school breakfast plays an important role in their 40%–50% decline in discipline referrals.

4

Oak Grove Reduction in Quiet Room Slips



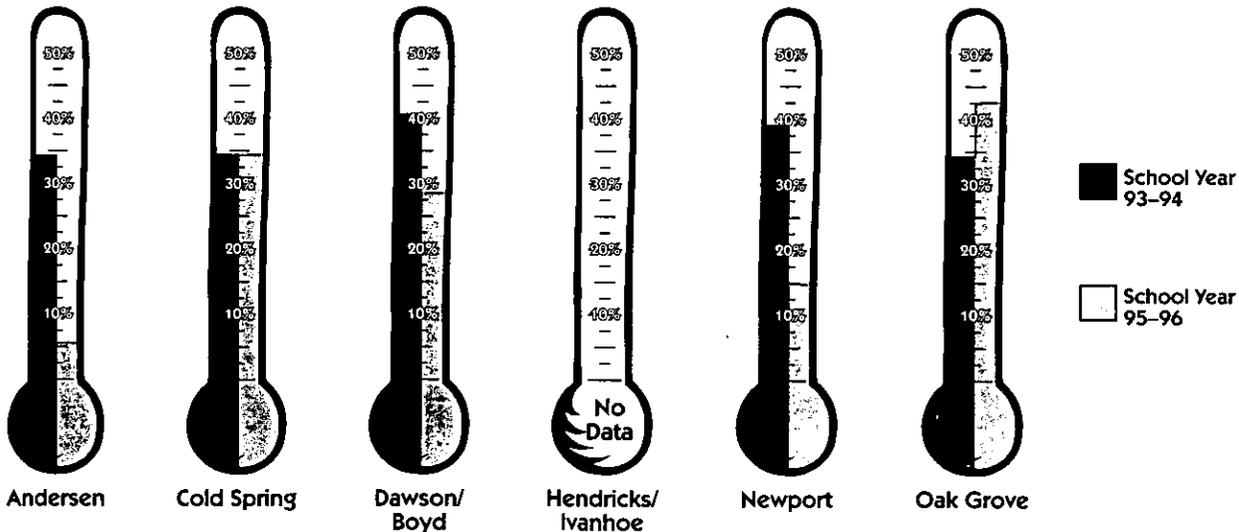
### Reduced Nurse Visits

Reaction from school nurses supports the positive attitudes of teachers and administrators. As the graph below indicates, nurses report a significant decline in morning visits to their offices due to minor headaches and stomachaches. They conclude school breakfast is the reason students are spending less time at their office and more time in the classroom. Nurses comment that it would be a severe detriment to students if the program was discontinued and suggest expanding it to high schools.

***“Kids are not coming down complaining they don’t feel well. Now when they come down you know they have had breakfast and it could be a real sickness.”***

— Newport nurse

93–94 vs. 95–96 Percentage of Morning Nurse Visits for Minor Illness



### Test Scores

In comparing test scores of third graders before the universal school breakfast program with their scores as fifth graders after experiencing the program for two years, **there is a general increase in composite math and reading percentile scores.** With so many variables involved in testing, caution needs to be taken when interpreting achievement results. Nonetheless, the universal school breakfast program appears to play a role in improving student achievement.

	Math	Reading
Andersen*	+10%	-2%
Cold Spring	+4%	+7%
Dawson/Boyd	-4%	+4%
Hendricks/Ivanhoe	+10%	+10%
Newport	+3%	+3%
Oak Grove*	+16%	+1%

\* Reflects changes between grades 3 and 4. All others reflect changes between grades 3 and 5.

***“For my children, they have an idea of how important breakfast is and it reinforces what I teach at home. They enjoy the social interaction.”***

— Newport Elementary parent

***“...it is little to spend on long term results... It gives me time to visit with them [my students]. It is a nice way to start the day nutritionally, socially, and emotionally.”***

— Dawson/Boyd 1st grade teacher

6

## Parent Reactions

In a survey of parents, a majority agree or strongly agree that the pilot program results in a positive experience and that nutritious foods are offered. Many note that their children are not hungry early in the morning, but are ready to eat when they arrive at school. Mornings are a very busy time for many families with parents getting ready for work and kids getting ready for school. Many parents feel less stressed because they don't need to worry about preparing breakfast when everyone is rushed. Many parents note that their child's learning and concentration has increased because of the universal school breakfast program.

## Social Benefits

The pilot sites note several indirect social benefits from school breakfast. It creates a new opportunity for interaction between students, teachers, parents, and community members. In many schools, siblings eat breakfast together and there is a healthy interaction among students of different grade levels. One administrator notes that children who are frequently isolated during lunch and other breaks are fitting in well with all students. Many classes utilize breakfast as an opportunity for less structured interaction among students. Teachers' assessment of the social benefits of the breakfast program is characterized by the following quotes.

***“We eat in our room—it's a team decision—it's like a family time together. The kids have a chance to talk. We have to feed the kids if we want them to learn. We have an early start, for working parents often kids are responsible for themselves in the morning and are lucky to get to school on time much less make themselves a breakfast.”***

— Andersen Open School 5th/6th grade teacher

***“It provides a nice socialization time. We see a lot of multi-age mixing of the children and children in the same family eating together.”***

— Cold Spring educational assistant

***“Kids are excited about it. It builds a family or community feeling.”***

— Dawson/Boyd 1st grade teacher

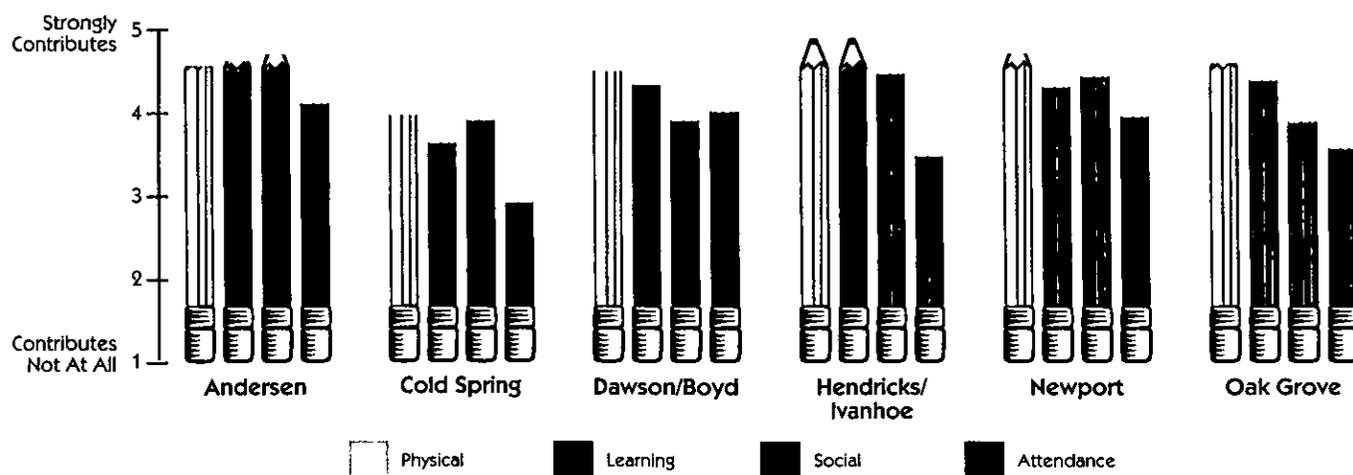
## Conclusion

Overall, the response to the pilot program has been extremely positive. Teachers like the behavior and learning improvements, parents appreciate the program and the safety net it provides for them, students need the nutrition and enjoy the social aspects, and administrators find it easy to integrate into the daily educational routine. For these pilot schools, their universal breakfast program is no longer an experiment. It is an important, desired, energizing and effective element of the educational day.

***"I hope it can continue. I think it's the best thing since sliced bread."***

— Cold Spring teacher

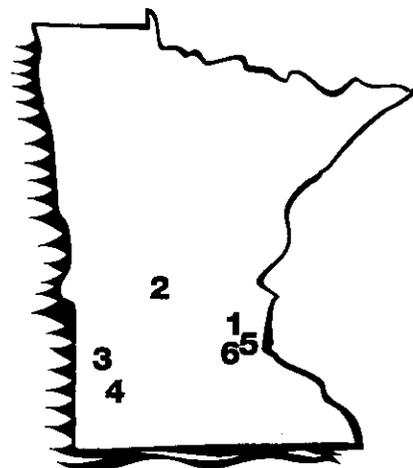
### Teachers' Feelings About the Effect Breakfast has on Students' Behavior and Performance in Year 2



## The Sites

The six sites participating in the Universal School Breakfast Pilot Program are: Andersen Open School in Minneapolis (1), Cold Spring Elementary (2), Dawson/Boyd Elementary (3), Hendricks/Ivanhoe Elementary (4), Newport Elementary (5), and Oak Grove Elementary in Bloomington (6). They represent a cross-section of Minnesota communities, demographics and school systems.

The actual breakfast programs vary from school to school. Serving times range from 7:30 A.M. to past 9 A.M. Some schools serve students in the cafeteria directly after getting off the bus and others start classroom activities before eating. Several classes choose to eat in their rooms while reading, watching educational programming or doing class work. Menus vary but the food served contains more nutrition than the average breakfast.



# CLINTON LIBRARY PHOTOCOPY



*Energizing the Classroom* is based on a two year evaluation of the Universal School Breakfast Pilot Program and was conducted by the Center for Applied Research and Educational Improvement (CAREI), 265-2 Peik Hall, 159 Pillsbury Drive SE, Minneapolis, Minnesota 55455-0208.

Copies of this summary and the complete CAREI report are available from the Minnesota Department of Children, Families & Learning, Food and Nutrition Service at 550 Cedar Street, St. Paul, Minnesota 55101-2273, or by calling (800) 366-8922 or (612) 296-6986.

Child Nutrition Programs of the U.S. Department of Agriculture are available to all individuals regardless of race, creed, color, national origin, religion, age, sex or sexual orientation, marital status, political opinions, affiliations, disability or handicap. Persons who believe that they have been denied equal opportunity may write to the Secretary of Agriculture, Washington, DC 20250.

***Upon request, this information can be made available in alternative formats.  
TTY (612) 297-2094***

**Children's  
Hunger  
Initiative  
for  
Learning  
and  
Development**



## **The Children's Hunger Initiative for Learning and Development**

### **Goal: Improve American Children's Ability to Obtain Nutritious Meals**

The Children's Hunger Initiative for Learning and Development represents a unique and exciting opportunity to provide the Nation's children with increased ability to obtain nutritious meals. This goal reflects the Department's commitment to ensuring that adequate nutrition is available to children, particularly low-income children.

Recent research has underscored the importance of the early childhood years in cognitive development. The Administration's commitment to understanding these findings and ensuring that they are reflected in policy affecting families and children was demonstrated in the recent White House Conference on Early Childhood Development. In addition, the Administration has committed to improving the health and education of America's children. President Clinton recently signed the Balanced Budget Act, which includes the largest increase in funds to cover uninsured children since the creation of the Medicaid program in 1965. The President's Education Call to Action reflects an understanding that every school child must have the resources to ensure that critical education milestones—such as reading independently by the end of the third grade—are met. Therefore, this initiative devotes substantial resources to ensuring that low-income children have adequate nutrition available to them from infancy through the school years.

Furthermore, the passage of welfare reform provides increased incentives for families to move from welfare to work. Thus it is critical to ensure that quality child care is available to low-income families. Our proposals would enhance nutrition assistance available in child care settings, in schools and in programs serving meals to children when school is not in session.

Many of the proposals contained in this initiative focus on the programs currently known as the Child Nutrition Programs - including the National School Lunch Program (NSLP), the School Breakfast Program (SBP), the Child and Adult Care Food Program (CACFP), and the Summer Food Service Program (SFSP). These programs are up for review and reauthorization in the upcoming year. This provides a unique opportunity to focus policy discussions on the Children's Hunger Initiative for Learning and Development (CHILD) by making it the centerpiece of the Administration's reauthorization proposal.

The Initiative also includes proposals to enhance other activities within the Department to provide greater focus on young children and their families. These include the Expanded Food and Nutrition Education Program (EFNEP), which has a long history of successfully delivering an education program targeting behavioral change; and the nutrition promotion efforts of the Center on Nutrition Policy and Promotion (CNPP). In addition, a series of research efforts designed to support anti-hunger efforts are included.

## **Objectives:**

The objectives of the Children's Hunger Initiative for Learning and Development are to:

- Enhance the *resources* available to local cooperators to improve meal quality and to reach unserved and underserved populations.
- Provide children with increased *access* to food and nutrition assistance.
- *Simplify* program operations, improve program management, and reduce reporting and recordkeeping burdens.
- Provide *nutrition education and promotion* to assist children and families in obtaining the information, motivation, and skills necessary to make healthy food choices.

## **Description of the Children's Hunger Initiative for Learning and Development**

The Initiative consists of a comprehensive package of proposals designed to meet these objectives. Each proposal is targeted to meet one or more of the objectives noted above. Specifically, we propose:

1. Consolidating the existing Child Nutrition programs into two programs, the School Nutrition Program and the Community Child Nutrition Program;
2. Initiating a major effort to encourage gleaning and food recovery, including providing assistance to State agencies administering The Emergency Food Assistance Program (TEFAP);
3. Enhancing broad-based nutrition research, education, and promotion which support efforts to provide nutrition and education to children; and
4. Providing increased support for food safety efforts in schools.

Each proposal is described below, with additional detail on each available in the attachments.

# 1. Consolidating the Child Nutrition Programs

## A. The Proposed School Nutrition Program (SNP)

Total FY'99 Cost: \$366.9 million (See Attachment 1.A)

### *Resources -*

- Provide commodity entitlements (3 cents) for every breakfast served; continue to provide commodity entitlements for every lunch served (15 cents) and for every supper served (15 cents). (\$53 million)
- Increase operating rates of reimbursement in the summer recreation program (formerly SFSP). (\$13 million)
- Increase free rate for each breakfast served.
- Guarantee SAE funding at current levels for alternate agencies which would no longer administer school-based programs but continue to administer community-based programs. (\$1 million)
- Consolidate FCS research funding by providing mandatory program funds for research supporting food assistance programs. (\$25 million)

### *Access -*

- Provide formula grants for State agencies and local organizations to conduct program expansion, startup and outreach for breakfast and summer recreational programs. (\$3.3 million grants, \$2.5 million participation)
- Allow any child of high school grade or under to participate in the School Nutrition Program:
  - *Before School Care Programs (formerly CACFP or SBP)* - Allow schools to provide a breakfast to any child participating in a school's before school care program.
  - *Free Breakfasts for pre-K through Grade 3* - Allow schools to provide free breakfasts to any child in pre-K through Grade 3. (\$211 million)
  - *School Day Meal Service (formerly SBP or NSLP)* - Continue to allow schools to provide school lunch and school breakfast to any child

participating in a school's academic program, including the service of meals in summer school.

- *After School Care Programs (formerly NSLP Supplements or CACFP)* - Allow schools to provide a meal supplement to any child participating in a school's after school care program. If the child is in care for 3 hours or more after service of the supplement, a supper may be served. (\$46 million)
- *School Day Care Programs (formerly CACFP)* - Allow schools to provide 3 meals, at least one of which is a supplement, to any child participating in a school's day care program. If a child is participating in a school's day care program for more than 8 hours a day and the child remains in care for 3 hours or more after the service of the supplement, a supper may also be served. (\$7.2 million)
- *Summer Recreational Programs (formerly SFSP, Enrolled Site)* - Allow schools to serve a lunch and either a breakfast or a supplement at the free rate when school is not in session, if at least 50 percent of the enrolled children have been individually determined eligible for free or reduced price meals.
- Programs in Especially Needy Areas Include:
  - *"At Risk" Children* - Allow schools to serve meal supplements and/or suppers to children participating in programs designed for "At Risk" children. (\$8 million)
  - *Summer Recreational Programs (formerly SFSP, Open and Enrolled Sites)* - Allow schools to serve a lunch and either a breakfast or a supplement free to all children attending the meal service when school is not in session. (\$1 million)
  - *Migrant Children* - Allow schools to serve 4 meals to children participating in a school sponsored migrant education or summer recreation program. (\$1 million)

#### *Nutrition Education and Promotion -*

- Increase SAE base for nutrition education and promotion activities which would permit State agencies to provide funds to local cooperators for nutrition education and to support a nutrition education coordinator position in each State. (\$18.7 million)

- Establish the school food service systems improvement initiative to continue and expand training and technical assistance and nutrition education efforts begun under the school meals initiative. (\$15 million)

*Simplification -*

- Consolidate current programs under the SNP.
- Eliminate 2 cent differential. (Savings of \$41 million)
- Eliminate administrative funds currently provided under the SFSP. (Savings of \$11 million)
- Eliminate approximately 2 million hours of reporting and recordkeeping burdens.
- Eliminate severe need funding.

**B. The Proposed Community Child Nutrition Program (CCNP)**

Total FY'99 Cost: \$113.3 million (See Attachment 1.B)

*Resources -*

Under the child care component of the CCNP:

- Provide administrative funds for States to develop geographic information systems with elementary school boundary information for use by sponsors of day care homes. (\$2 million)
- Provide FCS with ¼ percent funding for management improvement, program oversight and training. These activities are expected to reduce annual misspending and result in program savings. (Savings of \$6.8 million)

Under the summer component of the CCNP:

- Increase operating rates. (\$17 million)
- Increase administrative rates for sponsors to make them comparable to current school program usage. (\$3 million)

- Increase operating rates for rural sites by an additional 5 cents per meal to cover transportation costs. (\$2 million)
- Eliminate cost-accounting for self-preparation sponsors and provide a flat reimbursement rate for all meals served at sites operated by these sponsors. (cost included in administrative funds cost)
- Augment State administrative funding for management improvements in outreach, monitoring, and training/technical assistance. (\$1.5 million)

*Access -*

Under the child care component of the CCNP:

- Allow participation of proprietary child care centers with at least 25 percent free and reduced-price enrollment or participation. (\$51 million)
- Permit child care centers to claim reimbursement for up to 4 meals per child per day for children in care longer than 8 hours. (\$10 million)
- Extend eligibility to "after care" programs for at-risk teenagers (13-18) in low-income areas. (\$6.6 million)
- Include the Homeless Child Nutrition Programs and SFSP homeless sites. (\$1.2 million)
- Standardize automatic eligibility for TANF recipients. (Minimal cost)
- Permit automatic eligibility for free meal benefits in child care for pre-kindergarten Even Start participants. (\$.1 million)

Under the summer component of the CCNP:

- Provide formula grants for State agencies and local organizations to conduct program expansion, startup and outreach. (\$1.7 million)
- Allow reimbursement for up to 4 meals per child per day for migrant sites. (\$1.6 million)
- Raise the private nonprofit site limit to 25. (\$.3 million)
- Allow private nonprofit organizations to use commercial vendors. (No cost)

*Nutrition Education and Promotion -*

Under the child care component of the CCNP:

- Allow reimbursement for meals containing breast milk for infants 0-7 months of age. (\$2 million)
- Increase SAE base for nutrition education and promotion activities and to authorize SA's to provide funds to local cooperators for nutrition education. (Cost included in school proposal)

## **2. Gleaning and Food Recovery Systems**

Total FY '99 Cost: \$20 million (See Attachment 2)

### *Resources -*

- Establish competitive grants for community-based anti-hunger groups. (\$12 million)
- Establish formula grants for State agencies administering TEFAP. (\$7.5 million)
- USDA administrative funds to support/encourage State and local activities. (\$.5 million)

### **3. Broad-Based Nutrition Research, Education and Promotion Efforts (CNPP, ARS, ERS and CSREES)**

Total FY '99 Cost: \$23.2 million (See Attachment 3)

#### *Nutrition Education and Promotion -*

- Provide nutrition education targeted at families with young children through the extension system. (\$10 million)
- Develop and implement a nutrition promotion strategy for reaching low-income children (e.g., Food Guide Pyramid); identify and develop strategies to remove barriers to adequate and good nutrition; design, develop and pre-test products that will improve the dietary patterns of low-income children; and produce and disseminate products and train program staff for use in implementation. (\$1.6 million)

#### *Nutrition Research -*

- Conduct human nutrition research to enhance the scientific foundation upon which program/policy development is based. (\$8 million)
- Provide multi-State, multi-disciplinary grants to examine causes and consequences of hunger. (\$2.1 million)
- Study the links between welfare reform, nutrition and child food security. (\$1.5 million)

#### **4. Food Safety Efforts in Schools**

Total FY '99 Cost: \$12.5 million (See Attachment 4)

*Resources -*

- Require a minimum of two health inspections in self-preparation lunch service schools and provide SAE funding to defray costs. (\$10.5 million)

*Nutrition Education and Promotion -*

- Develop training workshops on safe food handling for SFA staff, and revise and distribute food safety educational materials to all school food authorities. (\$2 million)

Attachment 1

**1. CONSOLIDATING THE CHILD NUTRITION PROGRAMS**

**A. THE PROPOSED SCHOOL NUTRITION PROGRAM**

The proposed School Nutrition Program (SNP) offers a seamless child nutrition program to participating schools. This program will permit schools to offer one, consolidated meal service program rather than the four Child Nutrition Programs currently available, i.e., the National School Lunch Program, the School Breakfast Program, the Child and Adult Care Food Program and the Summer Food Service Program. The proposed SNP will provide the Nation's schoolchildren with increased access to nutritious meals. In addition, the proposed program will provide local cooperators with increased resources, simplified program operations, and significant reductions in the reporting and recordkeeping burdens currently associated with the four separate programs.

The proposed SNP is outlined below<sup>1</sup>.

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
Administration	• Eliminate ROAP Administration of Program	\$0	\$0	• Simplification
	• State Education Agency administers SNP	\$0	\$0	• Simplification
Institutional Eligibility	• Public or non-profit private schools - No change	\$0	\$0	
Participant Eligibility	• Any child enrolled or participating in a school's day care program, normal school program, and summer recreational program, provided that participants are of high school grade or under	\$0	\$0	• Access

<sup>1</sup> The limitation on schools' operation of the Special Milk Program for Children remains unchanged.

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
	<ul style="list-style-type: none"> <li>Continues to exclude extra-curricular activities</li> </ul>	\$0	\$0	
Cash Assistance	<ul style="list-style-type: none"> <li>USDA will provide reimbursement for every free, reduced price and full price meal served to eligible children in a traditional school program (including summer school), a school's day care program, or before or after school care program and a school's recreational program (formerly NSLP, SBP and CACFP, and SFSP). The rates of reimbursement are as follows:</li> </ul>	\$0	\$0	
	<ul style="list-style-type: none"> <li>Severe need will be eliminated. The free breakfast rate will be increased to a level slightly below the current severe need free rate. The reduced price rate will be lowered. (Note: Higher free rate and commodity entitlements for breakfasts, offset loss of funds to schools)</li> </ul>	\$0	\$0	<ul style="list-style-type: none"> <li>Simplification</li> <li>Resources</li> </ul>
	<ul style="list-style-type: none"> <li>Lunch rate - No change</li> </ul>	\$0	\$0	
	<ul style="list-style-type: none"> <li>Supplement rate - No change</li> </ul>	\$0	\$0	
	<ul style="list-style-type: none"> <li>Supper rate - No change</li> </ul>	\$0	\$0	
	<ul style="list-style-type: none"> <li>Increased operating rates of reimbursement will be provided for summer recreational programs (formerly SFSP)</li> </ul>	\$13	\$79	<ul style="list-style-type: none"> <li>Resources</li> </ul>
	<ul style="list-style-type: none"> <li>Increased summer recreational program rates (formerly SFSP) for Alaska and Hawaii</li> </ul>	\$.1	\$.5	<ul style="list-style-type: none"> <li>Resources</li> </ul>
	<ul style="list-style-type: none"> <li>Eliminate administrative funds currently provided</li> </ul>	\$-11	\$-65	<ul style="list-style-type: none"> <li>Simplification</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
	under SFSP (Note: Partially offset by increased summer rates and commodity assistance)			
	<ul style="list-style-type: none"> <li>Eliminate 2 cent differential. (Note: Partially offset by commodity assistance provided for breakfasts and by new breakfast rate)</li> </ul>	\$-41	\$-209	<ul style="list-style-type: none"> <li>Simplification</li> </ul>
Commodity Assistance	<ul style="list-style-type: none"> <li>A commodity entitlement will be provided for every a) lunch (15 cents), b) breakfast (3 cents) and (c) supper (15 cents)</li> </ul>	\$53	\$316	<ul style="list-style-type: none"> <li>Resources</li> </ul>
Meal Benefits	<ul style="list-style-type: none"> <li>No change to the one meal per child per meal service policy</li> </ul>	\$0	\$0	
	<ul style="list-style-type: none"> <li>For a child in a school's before school care program or traditional academic program (including summer school), breakfast may be claimed</li> </ul>	\$0	\$0	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Free breakfasts will be made available for any child in pre-K through Grade 3</li> </ul>	\$211	\$1,425	
	<ul style="list-style-type: none"> <li>For a child in a school's traditional academic program, a lunch may be claimed</li> </ul>	\$0	\$0	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>For a child participating in a school's after school care program, a meal supplement may be claimed and, if the child remains in care for 3 or more hours after service of an afternoon meal supplement, a supper may be claimed</li> </ul>	\$46	\$635	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>For children participating in a school's day care program for less than 8 hours a day, 3 meals, at</li> </ul>	\$7	\$37	<ul style="list-style-type: none"> <li>Access</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
	least one of which is a supplement, may be served			
	<ul style="list-style-type: none"> <li>For children participating in a school day care program for more than 8 hours a day 3 meals, at least one of which is a supplement, may be served and, if the child remains in care for 3 or more hours after service of an afternoon meal supplement, a supper may be claimed</li> </ul>	\$0.2	\$1	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>In a summer recreational program operated in a school in an area where less than 50 percent of the children are eligible for free or reduced price meals, a lunch and either a breakfast or a supplement may be served at the free rate for all children meals when school is not in session, if at least 50 percent of the enrolled children have been individually determined eligible for free or reduced price (Enrolled site)</li> </ul>	\$0	\$0	<ul style="list-style-type: none"> <li>Access</li> </ul>
<b>Especially Needy Meal Benefits</b>	<ul style="list-style-type: none"> <li>In a summer recreational program located in a geographical area where 50 percent or more of the local children are eligible for free or reduced price meals (based on census or school data), a lunch and either a breakfast or a supplement may be served free to all children attending the meal service when school is not in session (Open site)</li> </ul>	\$1	\$5	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>In a summer recreational program operated in a school where 50 percent or more of the enrolled</li> </ul>	\$0	\$0	<ul style="list-style-type: none"> <li>Access</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
	children at the site are individually determined eligible for free or reduced price meals, a lunch and either a breakfast or a supplement may be served free to all enrolled children when school is not in session (Enrolled site)			
	<ul style="list-style-type: none"> <li>In a geographical area where 50 percent or more of the local children are eligible for free or reduced price meals, meal supplements and/or suppers may be served to children participating in programs specifically designed for and open to "At Risk" children</li> </ul>	\$8	\$137	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>In migrant sites, four meals may be provided to children participating in a school sponsored migrant education program or recreation program</li> </ul>	\$1	\$6	<ul style="list-style-type: none"> <li>Access</li> </ul>
<b>Reimbursement Procedures</b>	<ul style="list-style-type: none"> <li>No change</li> </ul>	\$0	\$0	
<b>Meal Pattern</b>	<ul style="list-style-type: none"> <li>Use NSLP/SBP/CACFP meal patterns</li> </ul>	\$0	\$0	<ul style="list-style-type: none"> <li>Simplification</li> </ul>
<b>Free and Reduced Price Eligibility</b>	<ul style="list-style-type: none"> <li>Permit automatic eligibility of pre-kindergarten Even Start children if enrolled in school program</li> </ul>	\$.1	\$.5	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Standardize automatic eligibility requirements for TANF recipients</li> </ul>	Minimal	Minimal	<ul style="list-style-type: none"> <li>Simplification</li> </ul>
<b>State Administrative Expense Fund</b>	<ul style="list-style-type: none"> <li>SAE funding will be guaranteed at current levels for alternate agencies which would no longer administer school based programs but continue to</li> </ul>	\$1	\$5	<ul style="list-style-type: none"> <li>Resources</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
	administer community based programs			
	<ul style="list-style-type: none"> <li>Adjust SAE funding formula</li> </ul>	\$0	\$0	
Program Expansion/ Startup and Outreach	<ul style="list-style-type: none"> <li>Provide formula grants for State agencies and local organizations to conduct program expansion, startup, and outreach for breakfast and summer recreational programs</li> </ul>	\$5.8	\$59	<ul style="list-style-type: none"> <li>Access</li> <li>Resources</li> </ul>
Nutrition Education and Promotion	<ul style="list-style-type: none"> <li>Increase SAE base for nutrition education and promotion activities which would permit State agencies to provide funds to local cooperators for nutrition education and to support a nutrition education coordinator position in each State</li> </ul>	\$18.7	\$93.7	<ul style="list-style-type: none"> <li>Nutrition Education and Promotion</li> </ul>
	<ul style="list-style-type: none"> <li>Establish the school food service systems improvement initiative to continue and expand training and technical assistance and nutrition education efforts</li> </ul>	\$15	\$40	<ul style="list-style-type: none"> <li>Nutrition Education and Promotion</li> </ul>
Research	<ul style="list-style-type: none"> <li>Provide mandatory research funds for all food program areas</li> </ul>	\$25	\$125	<ul style="list-style-type: none"> <li>Resources</li> </ul>
Participation Effects	<ul style="list-style-type: none"> <li>Participation effects resulting from increased summer funding<sup>2</sup></li> </ul>	\$13	\$81	<ul style="list-style-type: none"> <li>Access</li> </ul>
<b>TOTAL COST</b>		<b>\$366.9</b>	<b>\$2,771.7</b>	

<sup>2</sup> Participation effects associated with other proposed provisions are included in the cost estimates shown above.

## B. THE PROPOSED COMMUNITY CHILD NUTRITION PROGRAMS

The Community Child Nutrition Programs (CCNP) serve children participating in the current Child and Adult Care Food Program and the Summer Food Service Program operated by non-school entities. Under the CCNP, there is a child care component and a summer component which offer refinements which streamline administrative requirements, enhance program resources, create access to unserved populations, and promote nutrition and nutrition education.

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 years (millions)	
Administration	<ul style="list-style-type: none"> <li>Administered by the State Education agency or alternate agency designated by the governor</li> </ul>	\$0	\$0	
	<ul style="list-style-type: none"> <li>Eliminate "ROAP" administration</li> </ul>	\$0	\$0	
State Administrative Funds	<ul style="list-style-type: none"> <li>Establish 1997 base-year administrative funding for each State agency</li> </ul>	\$0	\$0	
	<ul style="list-style-type: none"> <li>Augment State administrative funding for management improvements in outreach, monitoring, and training and technical assistance</li> </ul>	\$1.5	\$7.5	<ul style="list-style-type: none"> <li>Resources</li> </ul>
	<ul style="list-style-type: none"> <li>Provide administrative funds for State agencies to develop geographic information systems with elementary school boundary information for use by sponsors of day care homes</li> </ul>	\$2	\$2	<ul style="list-style-type: none"> <li>Resources</li> </ul>
Program Integrity	<ul style="list-style-type: none"> <li>Provide FCS with ¼ percent funding for management improvement and training of the child care component of CCNP</li> </ul>	-\$6.8	-\$36	<ul style="list-style-type: none"> <li>Resources</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 years (millions)	
Cash Assistance	<ul style="list-style-type: none"> <li>Increase operating rates for the summer component of CCNP</li> </ul>	\$17	\$105	<ul style="list-style-type: none"> <li>Resources</li> </ul>
	<ul style="list-style-type: none"> <li>Increase operating rates for summer rural sites by an additional 5 cents per meal to assist sponsors with the transportation costs</li> </ul>	\$2	\$10	<ul style="list-style-type: none"> <li>Resources</li> </ul>
	<ul style="list-style-type: none"> <li>Adjust Alaska and Hawaii summer operating rates upward to cover the higher cost of providing meals</li> </ul>	\$0.1	\$0.5	<ul style="list-style-type: none"> <li>Resources</li> </ul>
Administrative Funds	<ul style="list-style-type: none"> <li>No change for administrative funds for sponsors of day care homes</li> </ul>	\$0	\$0	
	<ul style="list-style-type: none"> <li>Increase administrative rates for sponsors of the summer component to make them comparable to current school program usage</li> </ul>	\$3	\$20	<ul style="list-style-type: none"> <li>Resources</li> </ul>
Commodity Assistance	<ul style="list-style-type: none"> <li>No change. Child care centers will continue to be provided a commodity entitlement for each lunch and supper served; "bonus" commodities will be provided, upon availability and request, for day care homes and summer sites</li> </ul>	\$0	\$0	
Meal Benefits	<ul style="list-style-type: none"> <li>Allow reimbursement for up to 4 meals per child per day for migrant sites participating in the summer component of CCNP</li> </ul>	\$1.6	\$8.4	<ul style="list-style-type: none"> <li>Access</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 years (millions)	
	<ul style="list-style-type: none"> <li>Permit child care centers to claim reimbursement for up to 4 meals per day for children in care longer than 8 hours</li> </ul>	\$10	\$58	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Allow reimbursement for meals containing breast milk for infants 0-7 months of age in child care settings</li> </ul>	\$2	\$10.7	<ul style="list-style-type: none"> <li>Nutrition Education and Promotion</li> </ul>
<b>Sponsor Operations</b>	<ul style="list-style-type: none"> <li>Allow private nonprofit organizations operating the summer component to use commercial vendors</li> </ul>	\$0	\$0	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Raise private nonprofit organization summer site limit to 25</li> </ul>	\$0.3	\$1.5	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Eliminate cost-accounting for self-preparation summer sponsors and provide a flat reimbursement rate for all meals served at sites operated by these sponsors.</li> </ul>	Cost included in summer component administrative funds proposal cost	Cost included in summer component administrative funds proposal cost	<ul style="list-style-type: none"> <li>Resources</li> </ul>
<b>Participant Eligibility</b>	<ul style="list-style-type: none"> <li>Extend eligibility for the child care portion of the CCNP to "after care" programs for at-risk teenagers (age 13-18) in low-income areas</li> </ul>	\$6.6	\$64	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Permit automatic eligibility for free meal benefits in child care for pre-kindergarten Even Start participants</li> </ul>	\$.1	\$0.5	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Standardize automatic eligibility for</li> </ul>	Minimal	Minimal	<ul style="list-style-type: none"> <li>Access</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 years (millions)	
	TANF recipients			
<b>Institutional Eligibility</b>	<ul style="list-style-type: none"> <li>Allow participation by proprietary child care centers with a minimum of 25 percent free and reduced-price enrollment or participation</li> </ul>	\$51	\$400	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Move Homeless Child Nutrition Programs and SFSP homeless sites to the child care component of CCNP</li> </ul>	\$1.2	\$6.6	<ul style="list-style-type: none"> <li>Access</li> </ul>
<b>Nutrition Education and Promotion</b>	<ul style="list-style-type: none"> <li>Increase SAE base for nutrition education and promotion activities and to authorize State agencies to provide funds to local cooperators for nutrition education</li> </ul>	Cost included in school proposal	Cost included in school proposal	<ul style="list-style-type: none"> <li>Nutrition Education and Promotion</li> </ul>
<b>Program Expansion/Startup and Outreach</b>	<ul style="list-style-type: none"> <li>Provide formula grants for State agencies and local organizations to conduct program expansion, startup and outreach for the summer component</li> </ul>	\$1.7	\$19	<ul style="list-style-type: none"> <li>Access</li> <li>Resources</li> </ul>
<b>Participation Effects</b>	<ul style="list-style-type: none"> <li>Participation effects resulting from increased summer funding<sup>3</sup></li> </ul>	\$20	\$121	<ul style="list-style-type: none"> <li>Access</li> </ul>
<b>TOTAL COST</b>		<b>\$113.3</b>	<b>\$798.7</b>	

<sup>3</sup> Participation effects associated with other proposed provisions are included in the cost estimates shown above.

## 2. GLEANING AND FOOD RECOVERY SYSTEMS

USDA will establish competitive grants for community-based anti-hunger groups and formula grants for State agencies administering TEFAP to make funds available for use by the States and agencies within the State through cooperative agreements. The grants would total \$20 million dollars. Grants must be used to foster, establish, and encourage on-going gleaning and food recovery activities. Any State or agency unable to use their portion of funds must return the funds for reallocation to other States or agencies that are able to use them. Additionally, USDA would retain some funds for administrative purposes.

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
Administration	<ul style="list-style-type: none"> <li>USDA will print food recovery guides, hold second Summit, conduct field gleaning projects, provide outreach to school feeding programs</li> </ul>	\$5	\$2.5	<ul style="list-style-type: none"> <li>Resources</li> </ul>
Institutional Eligibility	<ul style="list-style-type: none"> <li>Community-based anti-hunger groups</li> </ul>			
	<ul style="list-style-type: none"> <li>TEFAP State agencies/local agencies</li> </ul>			
Participant Eligibility	<ul style="list-style-type: none"> <li>Target low income households</li> </ul>			
Cash Assistance	<ul style="list-style-type: none"> <li>Competitive grants to community-based anti-hunger groups</li> </ul>	\$12.0	\$60	<ul style="list-style-type: none"> <li>Resources</li> </ul>
	<ul style="list-style-type: none"> <li>Formula grants to TEFAP State agencies</li> </ul>	\$7.5	\$37.5	<ul style="list-style-type: none"> <li>Resources</li> </ul>
<b>TOTAL COST</b>		<b>\$20</b>	<b>\$100</b>	

Attachment 3

**3. BROAD-BASED NUTRITION RESEARCH, EDUCATION AND PROMOTION EFFORTS**

To complement the proposed school nutrition and community child nutrition programs and to provide for an integrated strategy that places special focus on the Administration's early childhood intervention initiative, the Children's Hunger Initiative for Learning and Development includes efforts to further the scientific knowledge which is essential to targeting, monitoring and maximizing the effectiveness of the food assistance programs. Additionally, we propose further efforts to assist low-income children and families build the skills to choose a healthful diet.

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
Human Nutrition Research (ARS)	<ul style="list-style-type: none"> <li>Quantify three new indices as proxy indicators of future school performance - Hunger-Calorie Deficit Index , Hunger -Nutrient Deficit Index, and Hunger-Physiological Deficit Index</li> <li>Examine relationships among components of the indices and the measured parameters of food availability and accessibility, the periodicity of food intake, and the gender, ethnic and socioeconomic determinants of the populations studied</li> <li>Determine relationships among critical nutrient biomarkers and subsequent growth, accretion of body fat, lean, and bone mass, exercise tolerance, eating behavior, preferences and habits, and extensive indices</li> </ul>	\$8	\$40	<ul style="list-style-type: none"> <li>Nutrition Research</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
	of neuro-developmental performance.			
<b>Hunger-Related Research (CSREES)</b>	<ul style="list-style-type: none"> <li>• Multi-State, multi-disciplinary grants</li> <li>• Explore the causes and consequences of hunger in relation to development, family and community resiliency, economic well-being, and welfare reform.</li> <li>• Designed to identify factors to use in the development of effective prevention strategies</li> </ul>	\$2.1	\$10.5	<ul style="list-style-type: none"> <li>• Nutrition Research</li> </ul>
<b>Hunger-Related Research (ERS)</b>	<ul style="list-style-type: none"> <li>• Conduct research on understanding the link between welfare reform, nutrition , and child food security.</li> </ul>	\$1.5	\$7.5	<ul style="list-style-type: none"> <li>• Nutrition Research</li> </ul>
<b>Extension Education (CSREES)</b>	<ul style="list-style-type: none"> <li>• Delivery of experiential nutrition education for families with preschool children.</li> <li>• Funds to be distributed to State and Territorial Cooperative Extension Services through a formula reflecting share of population below 125% of poverty.</li> <li>• Focus on behavior change leading to improved nutrient intake and the building of basic life skills</li> </ul>	\$10	\$50	<ul style="list-style-type: none"> <li>• Nutrition Education</li> </ul>
<b>National Nutrition Promotion Strategy for Health (CNPP)</b>	<ul style="list-style-type: none"> <li>• Develop and implement a nutrition promotion strategy for reaching low-income children. The cornerstone of this strategy would be the Food Guide Pyramid for high risk children</li> <li>• Identify and develop strategies to remove barriers to adequate and good nutrition</li> <li>• Design, develop and pre-test products that will</li> </ul>	\$1.6	\$8	<ul style="list-style-type: none"> <li>• Nutrition Education and Promotion</li> </ul>

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
	improve the dietary patterns of low income children and will support the efforts of child care, school, food assistance and cooperative extension efforts <ul style="list-style-type: none"> <li>• Produce and disseminate products and train program staff for use in implementation</li> </ul>			
<b>TOTAL COST</b>		<b>\$23.2</b>	<b>\$116</b>	

Attachment 4

**4. FOOD SAFETY EFFORTS IN SCHOOLS**

In May 1997, the Administration announced a five-point Food Safety initiative to strengthen and improve food safety for the American people. These proposals complement this initiative by providing: a) food safety education to change unsafe food handling activities by people throughout the food chain, including food service workers; and b) funds to support a minimum of two health inspection visits of all self preparation schools providing a lunch service.

PROGRAM AREA	PROPOSED PROVISION	COST		OBJECTIVES
		1 year (millions)	5 year (millions)	
Food Safety Education	<ul style="list-style-type: none"> <li>Require a minimum of two health inspections in self preparation lunch service schools and provide SAE funding to defray costs</li> </ul>	\$10.5	\$54.5	<ul style="list-style-type: none"> <li>Resources</li> </ul>
	<ul style="list-style-type: none"> <li>Develop training workshops on safe food handling for school food service staff, and revise and distribute food safety educational materials to all school food authorities</li> </ul>	\$2	\$0	<ul style="list-style-type: none"> <li>Nutrition Education and Promotion</li> </ul>
<b>TOTAL COST</b>		<b>\$12.5</b>	<b>\$54.5</b>	

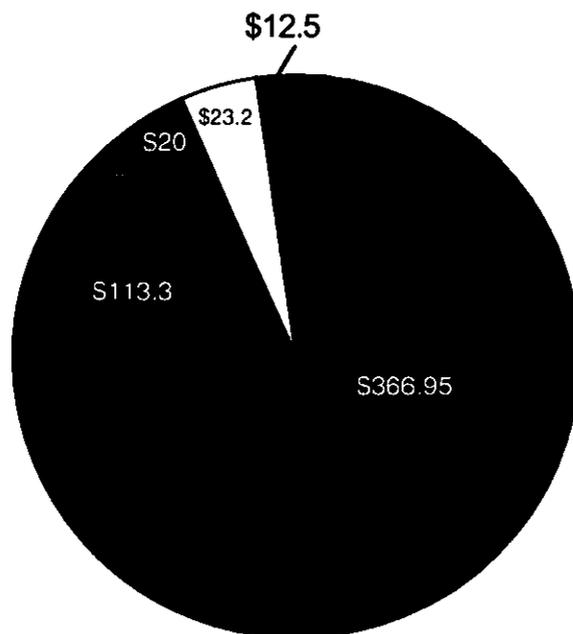
**CHILD**

**SUMMATION OF FY '99 COSTS:**

<b>1.A SNP Proposal Costs (in millions):</b>	<b>\$366.95</b>	<b>( 68 %)</b>
Benefits to Participants (in millions):	\$289.8	( 79 %)
Benefits to Institutions (in millions):	\$ 52.15	(14 %)
Funds for FCS research (in millions):	\$ 25.00	( 7 %)
<b>1.B CCNP Proposal Costs (in millions):</b>	<b>\$113.30</b>	<b>( 21 %)</b>
Benefits to Participants (in millions):	\$ 93.2	( 77 %)
Benefits to Institutions (in millions):	\$ 26.9	( 22 %)
Savings for \$ to FCS (in millions):	\$ 6.8	
<b>2. Gleaning/Food Recovery Costs (in millions):</b>	<b>\$ 20.00</b>	<b>( 4 %)</b>
<b>3. Nutrition Research/Education (in millions):</b>	<b>\$ 23.20</b>	<b>( 4 %)</b>
<b>4. Food Safety/Education (in millions):</b>	<b>\$ 12.50</b>	<b>( 2 %)</b>
<b>TOTAL FY '99 COST (in millions):</b>	<b>\$535.95</b>	

# Children's Hunger Initiative for Learning and Development (CHILD)

## Fiscal Year 1999 Costs (in \$ millions)



- **School Nutrition Program** (\$366.95 million)  
Consolidates 4 programs (NSLP, SBP, CACFP, and SFSP) into one seamless school-based program, expands access to children, including migrant and "at-risk" children, provides increased cash and commodity assistance to schools
- **Community Child Nutrition Programs** (\$113.3 million)  
Consolidates 2 programs (CACFP and SFSP) into community-based program, expands access to children, including rural, migrant, and "at-risk" children
- **Gleaning and Food Recovery** (\$20 million)  
Establishes competitive grants for community-based anti-hunger groups, establishes formula grants for State agencies administering TEFAP
- **Nutrition Research /Education** (\$23.2 million)  
ARS, ERS, CSREES, and CNPP activities designed to expand an understanding of hunger and to help low-income children build the skills to choose a healthful diet
- **Food Safety/Education** (\$12.5 million)  
Provides food safety education to change unsafe food handling activities, provides funds to support a minimum of 2 health inspection visits of all self preparation schools providing a lunch service

**Total FY 99 Cost: \$535.95 million**

# Children's Hunger Initiative for Learning and Development (CHILD)

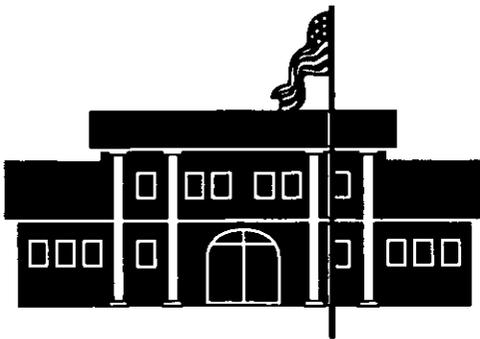
## Current Programs



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## Proposed Programs

**School  
Nutrition  
Program**



**Breakfast, Lunch, Snacks, & Supper**

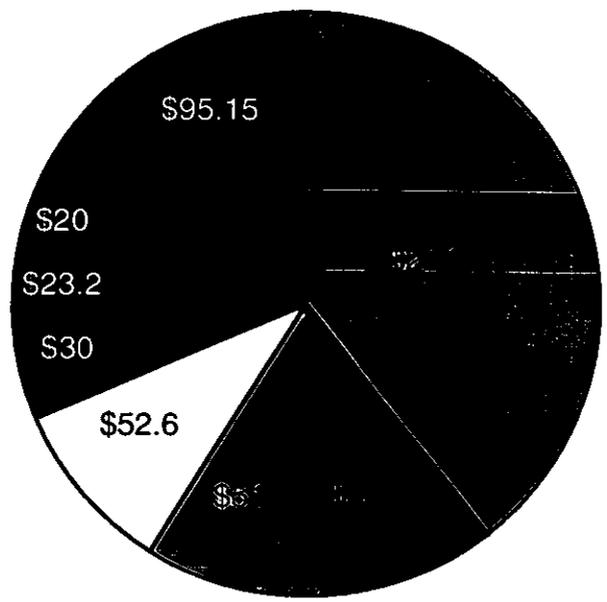
**Community  
Child  
Nutrition  
Program**



**Summer and Child Care**

# Children's Hunger Initiative for Learning and Development (CHILD)

## Fiscal Year 1999 Costs (in \$ millions)

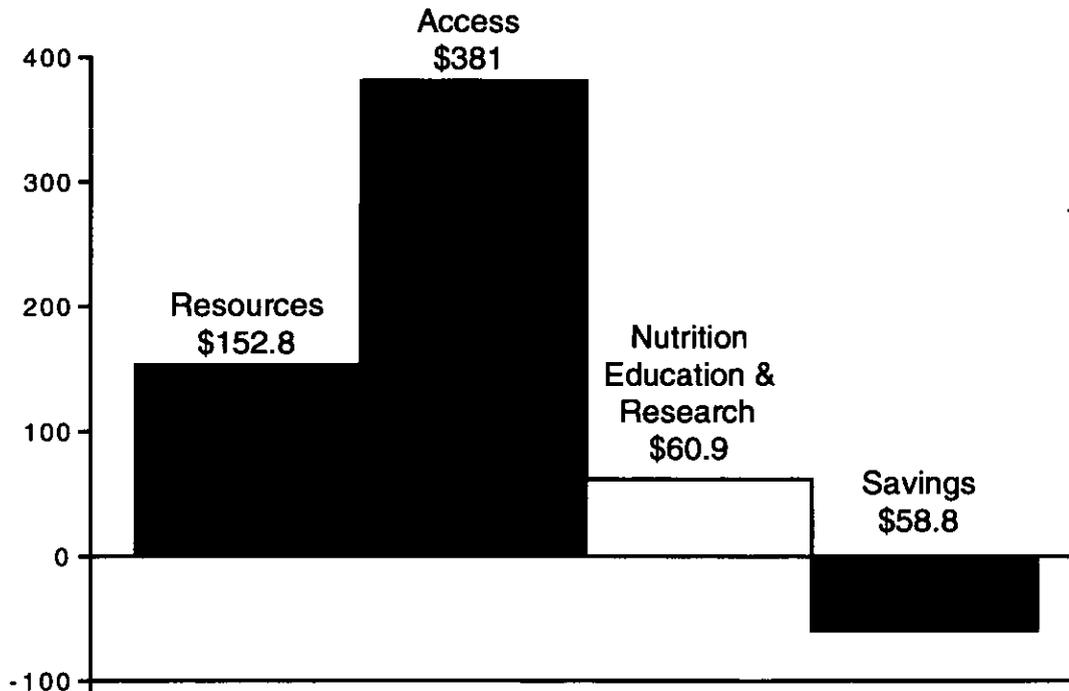


- **FREE BREAKFASTS** for Pre-K through 3rd Grade
- **COMMODITY ENTITLEMENT** (Breakfasts, lunches, suppers)
- **PROPRIETARY CHILD CARE CENTER PARTICIPATION**
- ▨ **AFTER SCHOOL PROGRAMS**, including "at-risk"
- **INCREASED SUMMER** operating rates
- **ARS, ERS, CSREES, & CNPP NUTRITION EDUCATION/PROMOTION/RESEARCH**
- **GLEANING/FOOD RECOVERY SYSTEMS**
- **MISCELLANEOUS**  
 -includes:  
 migrant meal reimbursements  
 food safety in schools  
 rural summer site operating rate increases  
 and other proposals

**TOTAL: \$535.95 million**

# Children's Hunger Initiative for Learning and Development (CHILD)

## Fiscal Year 1999 Costs/Savings (in \$ millions)



- **RESOURCES** includes institutional funding at Federal (including commodity support, research, and other provisions), State and local levels (\$152.8 million)
- **ACCESS** includes improved benefits for "at-risk" children, including free breakfast for all children for Pre-K through 3rd Grade (\$381 million)
- **NUTRITION EDUCATION AND RESEARCH** includes funds for nutrition education, training and promotion at the Federal (FCS and other agencies), State and local levels (\$60.9 million)
- **SAVINGS** are expenditure reductions resulting from improved Program integrity, streamlining and Program simplification (\$58.8 million)