

## Preserving the National Nutrition Safety Net

January 23, 1997

**Initial Proposal:** The Personal Responsibility Act -- a key component of the Contract with America introduced as H.R. 4 in January 1995 -- would have undermined the national nutrition safety net that has successfully promoted the nutrition and health of children and families for more than 30 years. The bill would have swept all nutrition assistance programs into a single block grant, dramatically reducing funding for essential nutrition support and eliminating critical nutrition standards.

- => Federal nutrition programs -- including the anchor programs of Food Stamps, Child Nutrition, and WIC -- work to protect health because of national nutrition, eligibility, and benefit standards; a funding structure that ensures they respond to changing needs caused by economic growth and recession; and Federal oversight, which helps ensure their integrity.
- => But H.R. 4's reduced investment in nutrition assistance, elimination of nutrition standards, and conversion of nutrition assistance to a block grant would have adversely affected the nutrition and health of millions of low-income Americans, lowered retail food sales, reduced farm income, and increased unemployment.

**Administration Response:** Long before H.R. 4 was introduced, the Clinton Administration was hard at work improving the nutrition programs, consolidating redundancies and reforming outdated measures, to meet the need of the 21<sup>st</sup> Century. As a result, the Administration was ready to respond to extreme Congressional proposals, not with a defense of the status quo, but with responsible alternatives for change that meet our National health responsibility by protecting the health and nutritional well-being of families and children.

- => On February 23, 1995, USDA announced its 13-point plan to prevent fraud in the Food Stamp Program by ensuring that only legitimate stores participate and by strengthening penalties against retailers and recipients who violate program rules.
- => On May 10, 1995, USDA announced its plan to reform the Food Stamp Program, offering a real alternative to both block grants and the status quo. This reform proposal was built on six key reform principles: provide for nutrition security, improve program integrity, modernize benefit delivery, expand State flexibility, ensure economic responsiveness, and promote personal responsibility.
- => Throughout the debate, the Administration worked diligently to inform Congress and the public about the consequences of Congressional legislative proposals to alter nutrition programs for children, for States, and for the food and agriculture communities.

- In his 1995 State of the Union address, the President identified school lunches and WIC as some of the "fundamental national needs" that should be preserved as Federal responsibilities. In March 1995, the President joined students in Alexandria, VA for a school lunch, and criticized plans to block grant school meals as a proposal that "will cost us dearly – in the health of our children."
- USDA prepared a series of detailed legislative analyses as the bill moved through the House, the Senate, and the budget reconciliation and welfare reform conference committees (see attachment A).
- Through testimony before Senate and House Agriculture Committees (see attachment B), letters to key committee leaders, and meetings with members and Congressional staff, top USDA officials expressed the Administration's serious concerns about the effects of block grants and deep program cuts on the health and well-being of the Nation's children, and presented its alternatives for change.
- USDA communicated through the media about the impact of Congressional proposals, and convened groups of key stakeholders to discuss Congressional and Administration proposals. Over the course of the year, 20 Nutrition Security Hotlines spread the word of the Administration's positions and policies across the country.

In response to criticisms from the President and others, the final agreement enacted as the Personal Responsibility and Work Opportunity Act of 1996 rejected block grants for the Food Stamp, Child Nutrition, and WIC Programs, rejected conversion of food stamp benefits to cash, rejected annual appropriation caps on food stamp spending, and adopted virtually all of the Administration's reform proposals to fight food stamp fraud and increase State administrative flexibility.

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# The Nutrition, Health, and Economic Consequences of Block Grants for Federal Food Assistance Programs

## Executive Summary

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Food and Consumer Service  
Economic Research Service

U.S. Department of Agriculture  
January 17, 1995

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The proposed Personal Responsibility Act, a key component of the Contract with America, would make sweeping changes that alter the very character of the existing food assistance programs. Specifically, the Personal Responsibility Act, if enacted, would:

- o Combine all USDA food and nutrition assistance programs into a single discretionary block grant to States;
- o Authorize an appropriation of \$35.6 billion in fiscal year 1996 for food and nutrition assistance;
- o Eliminate all uniform national standards;
- o Give States broad discretion to design food and nutrition assistance programs, provided only that no more than 5 percent of the grant support administration, at least 12 percent support food assistance and nutrition, education for women, infants, and young children, and at least 20 percent support school-based and child-care meal programs; and

- o Eliminate USDA's authority to donate commodities; USDA could only sell bonus commodities to States.

The consequences of these changes on the safety net of food assistance programs, the nutrition and health of low-income Americans, the food and agriculture economies, and the level and distribution of Federal support to States for food assistance are significant.

The Personal Responsibility Act would significantly reduce federal support for food and nutrition assistance.

- o Federal funding for food and nutrition assistance would fall by more than \$5 billion in fiscal year 1996 and nearly \$31 billion over 5 years (Table 1).
  - o All food and nutrition assistance would be forced to compete for limited discretionary funds. States' ability to deliver nutrition benefits would be subject to changing annual appropriation priorities.
  - o Programs would be unable to respond to changing economic
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circumstances. During economic downturns, funding would not keep up with rising poverty and unemployment. The demand for assistance to help the poor would be greatest at precisely the time when State economies are in recession and tax bases are shrinking.

For example, if the Personal Responsibility Act had been in place over the last five years – a period marked by both economic recession and recovery – the block grant in 1994 would have been over \$12 billion less than the food assistance actually provided, a reduction of about one-third (Table 2).

- o States would be forced to reduce the number of people served, the benefits provided, or some combination of both. The bill could lead to the termination of benefits for 6 million food stamp recipients in fiscal year 1996.

The reduced investment in food and nutrition assistance programs and elimination of the authority to establish nutrition standards will adversely affect the nutrition and health of low-income families and individuals.

- o The scientific link between diet and health is clear. About 300,000 deaths each year are linked to diet and activity patterns.
- o Low-income households are at greater risk of nutrition-related disorders and chronic disease than the general U.S. population. Since the nationwide expansion of the

Food Stamp Program and the introduction of WIC, the gap between the diets of low-income and other families has narrowed.

- o The incidence of stunting among pre-school children has decreased by nearly 65 percent; the incidence of low birthweight has fallen from 8.3 percent to 7.0 percent.
- o The prevalence of anemia among low-income pre-school children has dropped by 5 percent or more for most age and racial/ethnic groups.
- o The Personal Responsibility Act would eliminate all federal nutrition standards, including those in place to ensure that America's children have access to healthy meals at school. Even small improvements in average dietary intakes can have great value. The modest reductions in fat, saturated fat, and cholesterol intake due to the recent food labeling changes were valued by the Food and Drug Administration at \$4.4 billion to \$26.5 billion over 20 years among the U.S. adult population.
- o The Act would also threaten the key components of WIC – a tightly prescribed combination of a targeted food package, nutrition counseling, and direct links to health care. Rigorous studies have shown that WIC reduces infant deaths, low birthweight, premature births, and other problems. Every dollar spent on WIC results in between \$1.77 and \$3.13 in Medicaid savings for newborns and their mothers.

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By reducing federal support for food assistance and converting all remaining food assistance to a block grant, the Personal Responsibility Act would lower retail food sales, reduce farm income, and increase unemployment.

- o Under the proposed block grant, States could immediately cash-out any and all food assistance programs in spite of evidence that an in-kind benefit is more effective in stimulating food purchases than a similar benefit provided in cash.
- o In the short-run, the bill could reduce retail food sales by as much as \$10 billion, reduce gross farm income by as much as \$4 billion, increase farm program costs, and cost the economy as many as 138,000 jobs.
- o In the long run, the bill could reduce employment in farm production by more than 15,000 jobs and output by more than \$1 billion. The food processing and distribution sectors could lose as many as 83,000 jobs and \$9 billion in output.
- o The economic effects would be felt most heavily in rural America. In both the short- and long-run, rural areas would suffer disproportionate job losses.
- o Every \$1 billion in added food assistance generates about 25,000 jobs, providing an automatic stabilizer in hard times.

The proposed basis for distributing grant funds would result in substantial losses for most States.

o If Congress appropriates the full amount authorized, all but 8 States would lose federal funding in fiscal year 1996. California could gain about \$650 million; Texas could lose more than \$1 billion (Table 3).

o Although some States initially gain funding, all States would eventually fare worse than under current law. Over time, the initial gains will erode because the block grant eliminates the automatic funding adjustments built into the existing Food Stamp and Child Nutrition programs.

**Table 1 -- Effect of the Personal Responsibility Act on USDA Food Assistance Program Costs  
(Dollars in millions)**

	Fiscal Year					Total
	1996	1997	1998	1999	2000	
<b>Current Law:</b>						
Food Stamps/NAP	\$27,777	\$29,179	\$30,463	\$31,758	\$33,112	\$152,290
Child Nutrition	8,681	9,269	9,903	10,556	11,283	49,692
WIC	3,924	4,231	4,245	4,379	4,513	21,291
All Other	382	351	351	351	351	1,784
Total	40,764	43,029	44,962	47,042	49,260	225,057
<b>Proposed Law:</b>	35,600	37,138	38,756	40,457	42,214	194,166
Difference	-5,164	-5,891	-6,206	-6,585	-7,046	-30,892
Percent Difference	-12.7%	-13.8%	-13.8%	-14.0%	-14.3%	-13.7%

Notes: Based on current service program level for USDA food assistance programs in Department estimates of September 1994 (excluding projected costs of Food Program Administration but including anticipated mandatory spending for WIC, consistent with Presidential policy). This table does not include the budgetary effects of food programs operated by the Administration on Aging in the Department of Health and Human Services.

The Food Stamp total includes the cost of the Nutrition Assistance Program in Puerto Rico.

The Child Nutrition total includes all administrative and program costs for the National School Lunch, School Breakfast, Special Milk, Summer Food Service, Nutrition Education and Training, and Child and Adult Care Food Programs, the value of commodities provided to schools, and support for the Food Service Management Institute.

The All Other total includes all administrative and program costs for the Commodity Supplemental Food Program, the Emergency Food Assistance Program, the Food Distribution Program on Indian Reservations, the Nutrition Program for the Elderly, and Food Distribution to Charitable Institutions and Soup Kitchens and Food Banks.

Proposed levels for the block grant in fiscal years 1997 through 2000 are increased from the 1996 amount using the projected increase in total population and the cost of the Thrifty Food Plan for the preceding year. Totals may not equal sum of columns due to rounding.

This table assumes that Congress appropriates the full amount authorized in each year.

**Table 2 -- Historical Illustration of Food Assistance Block Grant  
(Dollars in millions)**

Year	Actual Food Assistance	With Initial Reduction *			Without Initial Reduction		
		Adjusted Block Grant	Difference		Adjusted Block Grant	Difference	
			Total	Percent		Total	Percent
1989	\$21,697	\$18,941	-\$2,756	-12.7	\$21,697	N/A	N/A
1990	24,778	20,666	-4,112	-16.6	23,672	-\$1,106	-4.5
1991	28,849	21,971	-6,878	-23.8	25,167	-3,682	-12.8
1992	33,519	23,232	-10,287	-30.7	26,612	-6,907	-20.6
1993	35,397	23,369	-12,028	-34.0	26,769	-8,628	-24.4
1994	36,928	24,374	-12,554	-34.0	27,920	-9,008	-24.4

Notes: Actual food assistance includes total federal cost of all USDA food assistance programs, excluding Food Program Administration. The cost of food programs operated by the Administration on Aging in the Department of Health and Human Services are not included.

These figures assume that Congress would have appropriated the full amount authorized in each year. The block grant authorization is adjusted by the change in total U.S. population and the Consumer Price Index for Food at Home in the preceding year (ending on July 1 for population and in May for the CPI).

\* The initial 12.7 percent reduction in the first year is equivalent to the estimated percentage reduction in food assistance funding in the first year of the Personal Responsibility Act as shown in Table 1.

**Table 3 – Effect of the Personal Responsibility Act  
on USDA Food Assistance Programs by State in Fiscal Year 1996  
(Dollars in millions)**

State	Level of Food Assistance		Difference	
	Current	Proposed	Total	Percent
Alabama	\$818	\$713	- \$105	- 13
Alaska	97	84	- 13	- 13
Arizona	663	554	- 109	- 16
Arkansas	422	403	- 19	- 4
California	4,170	4,820	650	16
Colorado	412	417	5	1
Connecticut	297	248	- 49	- 17
Delaware	92	58	- 34	- 37
District of Columbia	137	85	- 52	- 38
Florida	2,194	1,804	- 389	- 18
Georgia	1,209	934	- 275	- 23
Hawaii	215	198	- 17	- 8
Idaho	127	176	49	38
Illinois	1,741	1,483	- 258	- 15
Indiana	713	691	- 22	- 3
Iowa	297	266	- 31	- 11
Kansas	307	270	- 37	- 12
Kentucky	740	582	- 157	- 21
Louisiana	1,141	765	- 375	- 33
Maine	188	167	- 21	- 11
Maryland	576	404	- 172	- 30
Massachusetts	608	577	- 32	- 5
Michigan	1,390	1,109	- 281	- 20
Minnesota	508	490	- 18	- 4
Mississippi	730	603	- 127	- 17
Missouri	810	754	- 56	- 7
Montana	111	140	29	26
Nebraska	187	175	- 12	- 6
New Hampshire	89	94	5	5
New Jersey	836	704	- 132	- 16
New Mexico	361	321	- 40	- 11
Nevada	145	150	5	3
New York	3,101	2,661	- 440	- 14
North Carolina	930	849	- 81	- 9
North Dakota	86	76	- 9	- 11

State	Level of Food Assistance		Difference	
	Current	Proposed	Total	Percent
Ohio	1,768	1,287	- 481	- 27
Oklahoma	528	475	- 53	- 10
Oregon	410	346	- 64	- 16
Pennsylvania	1,617	1,465	- 152	- 9
Rhode Island	128	101	- 27	- 21
South Carolina	602	546	- 56	- 9
South Dakota	99	95	- 4	- 4
Tennessee	983	743	- 241	- 24
Texas	3,819	2,665	- 1,154	- 30
Utah	234	277	43	18
Vermont	76	66	- 10	- 13
Virginia	783	597	- 185	- 24
Washington	660	444	- 216	- 33
West Virginia	405	309	- 96	- 24
Wisconsin	467	442	- 25	- 5
Wyoming	57	57	*	1
<b>Total</b>	<b>40,764</b>	<b>35,600</b>	<b>- 5,164</b>	<b>- 13</b>

Notes: Individual cells may not sum to totals because of rounding.

Total includes the Commonwealth of Puerto Rico, other territories and outlying areas, and Indian Tribal Organizations.

This table assumes that Congress appropriates the full amount authorized for fiscal year 1996.

\* equals less than \$1 million.

**USDA's Analysis of the  
Personal Responsibility Act of 1995 (H.R. 4)  
April 14, 1995**

The Personal Responsibility Act makes sweeping changes to the current network of federal assistance programs. The bill would restrict eligibility for most federal income security programs, replace some of these programs with block grants, and supplant the current federal-State partnership for providing assistance to families in need. This analysis addresses the provisions in Titles II, IV, and V that have direct consequences for the nutrition programs administered by the Department of Agriculture (USDA).

The bill would make far-reaching changes to the foundation of the Nation's endeavor to get food to people who need it. It would convert the Child Nutrition Programs into block grants -- one for school-based nutrition and the other for family nutrition -- and make deep reductions in the Food Stamp Program. If enacted, the bill would reduce nutrition funding by \$2.7 billion in 1996 and \$23.9 billion over five years (Table 1).<sup>1</sup>

USDA has serious concerns about the impact of this bill on the health and well-being of the Nation's families and children. Throughout their history, the Child Nutrition, WIC, and Food Stamp Programs have produced significant and measurable nutrition outcomes among the children and families who participate in them. The programs work because national nutrition standards are established, required, and verified, and because the funding structure ensures that the programs can expand to meet the increased needs created by economic recession. The proposed bill would eliminate both of these protections, leaving children, working families, and the elderly vulnerable to shifts in the economy and to changes in nutrition standards that are driven more by cost -- instead of health -- considerations. It would result in the unraveling of the national nutrition framework that has successfully narrowed the gap between the diets of low-income and other families.

**Title III: Block Grants for Child Care and for Nutrition Assistance**

Title III B would put children and families at nutrition and health risk through block grants that cannot respond to increased needs in economic downturns, eliminate national nutrition standards, allow erosion of support through transfers to non-nutrition programs, lack accountability, and fail to simplify administration of the programs.

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<sup>1</sup>Titles III, IV, and V of H.R. 4 would reduce nutrition funding by \$29.8 billion over five years. This reduction is partially offset by changes in Titles I, VI, and VII that have indirect impacts on Food Stamp Program costs. These changes, which reduce AFDC and SSI benefits and modifies the Child Support Enforcement Program, will increase Food Stamp Program costs by \$5.9 billion over five years.

## **School Based Nutrition Block Grant**

*Overall funding for the school-based programs would be \$104 million less than the current policy in FY 1996, and \$1.4 billion less for the five year period 1996-2000. \$1.3 billion could be transferred out of the block grant in FY 1996 for non-food programs, which would compromise the health of children. If States transferred the maximum amount of money out of the block grant, food assistance for school children could be as much as 24 percent less than the projected 1996 level.*

*The School Based Nutrition Block Grant will eliminate the standards that guarantee America's children have access to healthy meals at school. National nutrition standards developed over 50 years of program operations work. School meals meet the vitamin, mineral and calorie goals set for the program, and a USDA initiative would update and improve the standards based on the most recent scientific research. In a block grant, there could be 50 different standards and, faced with reduced funding, there would be no incentive to improve children's health in setting standards. In fact, there are incentives to provide less nutritious meals to all children regardless of income.*

*The School Based Nutrition Block Grant will not respond to economic recessions or recoveries. In a recession States would be unable to respond without cutting back on the quality or quantity of food, raising taxes, or cutting other services so that children can eat. If enacted in 1989, this bill would have resulted in a 17 percent reduction in funding for meals to school children in 1994.*

- o Between 1990 and 1994 the number of free lunches served to low income children increased by 23 percent. During this same period, the number of free meals served in child care centers increased by 45 percent. USDA's nutrition programs expanded to meet those needs.

*The block grant will not respond to changes in the school age population, which is expected to increase by 4 to 6 percent in the time period of the grant. The grant amount would not provide an additional amount of money to help provide meals for additional children.*

*Since each year's funding would be based partially on the number of meals served in the previous year, States that serve more free meals than the national average would be penalized. States that serve more total meals fare better in the allocation formula. Since it costs more to serve a free meal, States have an incentive to serve meals to more affluent students. Without national nutrition standards, States might also be inclined to cut the quality or amount of food provided in order to serve more meals in order to maximize funding.*

*Block grants would not simplify program administration with their requirements for determining household income, excluding all illegal and most legal aliens and meal counting. In addition the grants remove mechanisms to enforce accountability or determine program outcomes.*

*The block grants lack accountability.* The reporting required is not a guarantee that poor children will be adequately served, or that the nutrition standards set will be appropriate to children's health needs. It also provides no guarantees that state oversight for program compliance will occur which could allow errors or fraud to occur without detection.

### **Family Nutrition Block Grant Program**

For the Family Nutrition block grant, spending would be \$987 million less in FY 1996, and \$5.3 billion less over the five year period 1996-2000. Over \$900 million could be transferred out of the block grant in FY 1996 (equal to the maximum amount available for child care, summer and milk programs).

*The Family Nutrition Block Grant will not respond to economic downturns.* If enacted in 1989, this bill would have resulted in 43 percent reduction in funding for meals to young children and food and services to women, infants and children in 1994. WIC funding would have been 33 percent less than actually spent and spending on the non-school child care, milk, and summer programs would have been 66 percent less than was needed.

*The Family Nutrition Block Grant, if enacted on October 1, 1995, will force States to remove 168,000 women, infants, and children from the WIC program.* At year end the program will serve 7.27 million participants and the amount designated for WIC will support an average annual caseload of 7.1 million participants.

*The Family Nutrition Block Grant Program risks the effectiveness of the WIC program.* By dropping national program requirements for the WIC program, there will be an erosion of national program standards that would reduce or reverse the proven effectiveness of WIC in such areas as reduced low-birthweight and infant mortality and increasing prenatal and pediatric health care. Cost savings to the Medicaid Program, now valued at \$400 million to \$1.3 billion, would decline.

*WIC program cost containment efforts would be diminished and the cost of food provided would increase.* Cost containment efforts for just infant formula amount to over \$1 billion and fund services for nearly 1.6 million persons each month. If reductions of even 5 percent--\$50 million--occur in rebate amounts, there would be 100,000 fewer women, infants and children served in a WIC-type program. The amendments made to H.R. 4 on the House floor would not ensure that successful cost-containment efforts continue.

The positive Federal influence on cost containment was recently demonstrated. When a Western State rebid its infant formula rebate contract only after threat of sanction, the winning bidder provided an 8 percent increase in its rebate per can of formula. This will allow service to thousands of needy women, infants and children.

*The block grant would eliminate national nutrition standards for child care and summer food service programs.* Like the School Based block grant, with significant reductions in funding

and State allocations tied to the total number of people served, there will be few incentives to put children's health and nutrition needs first.

*Children would go hungry if States decide not to operate all programs.* California, Georgia, Virginia, New York and Michigan have chosen not to run Summer Food Service Programs for children, so the programs are administered by USDA. Under the block grant USDA could not run the programs, denying 700,000 children access to meals when school is not in session. Faced with funding shortages, more States might discontinue programs.

*The Family Nutrition Block Grant would eliminate the viability of supporting meals served in 185,000 family day care homes.* Denying children in family day care homes the modest subsidy for meals available to children in school-based programs will drive family day care homes out of the program, and deny children access to healthy meals. If welfare reform efforts result in more working, low-income parents, this effect will be more pronounced.

*The Family Nutrition Block Grant will jeopardize efforts to move low-income households from welfare to work.* The cuts in the non-WIC side of the grant are so large that funds would be inadequate to serve low-income children currently participating in child care, even if States completely eliminated the Summer Food Service Program. A minimum of 50,000 children, and potentially many more, would lose benefits at a time when welfare reform would be increasing the need for child care among newly-employed parents.

#### **Title IV: Restricting Welfare and Public Benefits for Aliens**

The bill prohibits legal aliens from receiving benefits through five major income security programs -- the Food Stamp Program, Medicaid, the Supplemental Security Income Program, the Temporary Assistance for Needy Families Program, and the Social Services Block Grant. Only those legal aliens who are refugees, veterans, disabled to the point they cannot comply with naturalization requirements, or permanent residents for at least five years and over age 75 can participate in these programs. Current participants are given a one-year grace period.

*The bill is unfairly tough on legal immigrants.* Illegal aliens should not receive food stamps, and, under current law, they do not. The blanket prohibition of all benefits to legal immigrants who are not yet citizens is too broad and would shift substantial burdens to State and local taxpayers. These legal immigrants are required to pay taxes, and they contribute to their communities. This bill would end eligibility for 1.12 million aliens, 244,000 of whom are children and 142,000 of whom are elderly (Table 2).

## **Title V: Food Stamp Reform and Commodity Distribution**

The bill would eliminate two features of the Food Stamp Program that have enabled it to protect the nutritional security of millions of low-income American children and families for over thirty years. The Food Stamp Program is effective because national standards for eligibility and benefits create a nutritional safety net and the funding structure ensures that the program can expand to meet the increased needs of individuals, communities, and States resulting from an economic recession.

*The bill will eliminate the national nutritional safety net.* It will make deep reductions in nutrition benefits immediately, allow nutrition support to erode over time, and place a hard cap on future program expenditures, raising the specter of even further reductions.

- o As a result of the changes in Titles IV and V of the bill, overall funding for the Food Stamp Program would be \$2.1 billion less than needed under current law in 1996 and at least \$23.2 billion less over five years<sup>2</sup>. More than 2 million participants would lose all benefits and virtually everyone else -- including nearly 14 million children and 2 million elderly -- would receive fewer food stamp benefits.
- o The bill eliminates the critical link to basic nutrition standards. Food stamp benefits are now linked to the Thrifty Food Plan, the least costly of USDA's food plans. This ensures that low-income families and individuals have the resources needed to purchase an adequate and nutritious diet at minimal cost. By curtailing virtually all cost-of-living adjustments, the bill will allow benefits to fall behind rising food prices. Within four years, the Food Stamp Program will no longer provide the amount needed to sustain an active, healthy life. By the year 2000, the basic benefit will be only 98 percent of the cost of the Thrifty Food Plan.
- o The bill limits increases to basic benefits to 2 percent a year. Over the last 20 years, food prices have actually increased an average of 4.6 percent a year. Over time, therefore, the gap between what's needed and what the bill offers will widen every year.
- o The bill places a hard cap on future program expenditures. If the need for nutrition support rises to the cap in future years, the bill requires across-the-board benefit reductions.

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<sup>2</sup>Reductions to the AFDC and SSI programs and changes to the Child Support Enforcement Program, contained elsewhere in the Personal Responsibility Act, will result in \$5.9 billion in offsetting costs to the Food Stamp program over five years.

- o The gap between the diets of low-income and all other families narrowed after expansion of the Food Stamp Program and introduction of WIC. Reductions of the size proposed in this bill jeopardize 30 years of health and nutrition accomplishments.

*The bill will eliminate national eligibility and benefit standards.* The elements of a healthy, nutritious diet do not vary across the country. National standards protect low-income families and their children, no matter where they live.

- o National standards work. Yet, the bill will give each of the 50 States the option to eliminate those standards for single mothers with children immediately and for all participants eventually. There could be 50 vastly different State programs using 50 different eligibility standards and offering 50 different nutrition benefits. In fact, each State could even set up different standards for different counties. These changes may reverse the program's effectiveness in assuring low-income families access to the resources they need to meet their basic nutritional needs.
- o Where States have this flexibility now, we have seen enormous variability. A single parent with two children can qualify for \$120 a month in AFDC if she lives in Mississippi but \$680 if she lives in Connecticut. The uniform national standards of the Food Stamp Program help smooth out these inequities among States.
- o The bill protects the Federal government against any increased cost resulting from simplification. While this is important, it is equally important to protect families with children. Although the bill requires that the average family receive no more than they do currently, there is no comparable requirement that they receive no less.
- o The proposed "simplification" may actually complicate program administration. Workers may need to understand one set of rules for pure AFDC households, another set for households in which some receive AFDC and others do not, and yet another for households in which no one receives AFDC. In any given month, about 40 percent of all food stamp households receive AFDC; fully one in five of these are mixed cases. Moreover, households are dynamic -- their members, incomes and program participation all change over time.

*The bill will eliminate the economic responsiveness of the Food Stamp Program.*

Historically, the Food Stamp Program has automatically expanded to meet increased need when the economy is in recession and contracted when the economy is growing. Food stamp benefits automatically flow to communities, States or regions that face rising unemployment or poverty. The effect is to cushion some of the harsher effects of economic recession and provide a stimulus to weakening economies.

- o Between 1990 and 1994, the number of food stamp participants increased by more than one-third. The Food Stamp Program expanded automatically to meet the rising need. Yet there are also clear signs that the pattern of recession-driven growth has

ended; in every month since August, the number of participants this year is less than the number a year ago.

- o The bill creates a cap on total expenditures with no flexibility. It limits program expenditures to the Congressional Budget Office's (CBO) estimates of expected costs in each of the next five years. If program costs are expected to exceed the authorization limit, benefits must be reduced across-the-board.

-- Accurately projecting the state of the American economy and Food Stamp Program costs in each of the next five years is a daunting challenge. The difficulty is best illustrated by looking to the past. Five years ago, when Congress enacted the Food, Agriculture, Conservation, and Trade Act of 1990 and reauthorized the Food Stamp Program, both CBO and USDA projected its five-year cost. These projections anticipated steady but moderate growth each year.

-- In reality, the American economy fell into recession, and Food Stamp Program costs increased by more than one-third between 1991 and 1995, far more than either CBO or USDA had projected. The shortfall between actual and projected program expenditures exceeded \$3 billion in 1991 and \$6 billion in every other year (Table 3). Over the entire period, the shortfall approached \$30 billion. Without specific Congressional intervention, the shortfall between actual and projected cost would have triggered across-the-board benefit reductions every year between 1991 and 1995.<sup>3</sup> The annual pro rata reductions needed to remain within the cap would have ranged from about 18 percent to more than 30 percent.<sup>4</sup> Over the five-year period, benefits would have been 28 percent lower than actual program costs.

- o By placing a hard cap on program expenditures in future years and creating an optional block grant, the bill eliminates the program's ability to respond to economic or demographic changes. While the number of people eligible for and in need of assistance will grow as the economy weakens, unemployment rises, or poverty increases, federal funding for food assistance would no longer automatically increase

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<sup>3</sup> Note that such intervention will be difficult in the years ahead. Raising the cap on food stamp expenditures will have PAYGO implications, requiring Congress to find offsetting reductions in other mandatory programs or to increase tax revenues.

<sup>4</sup> If estimated costs exceed the cap, the Act requires reductions in benefits to participating households. There is no comparable provision for reducing administrative payments to States. The entire shortfall must be met by reductions in benefits. Thus, the percentage reductions reported here are somewhat larger than the difference between actual and projected program costs as a percentage of total program costs.

in response to greater need. Nutrition benefits could be reduced at precisely the time when the economy is weakest, States are least able to step in with their own resources, and participants are most in need.

- o In the next recession, the Food Stamp Program will not be there to cushion hard times in affected counties and States. In times of economic recession, every \$1 billion in additional food stamp spending generates about 25,000 jobs.
- o The cap may require substantial benefit reductions above and beyond the deep cuts already included in H.R. 4. If the economy is strong and the need for nutrition assistance declines, Food Stamp Program costs will automatically decline as they do under current law. If, however, the economy weakens at any time over the next five years, the program's ability to respond to increasing need will be capped and benefit reductions triggered. We estimate that over the five-year period the cap will force \$3.3 billion in benefit reductions.<sup>5</sup>

*The proposed cap will severely challenge the capacity of both federal and State governments to manage the program without causing serious hardship to those who rely on program benefits to get through tough times. The variation in possible State program designs will complicate the already difficult task of projecting program costs into the future. The normal lag in State reports on program costs, coupled with the need to give States enough advance notice to allow time to adjust benefits, means that critical decisions will have to be made relatively early each year with only partial and uncertain information.*

- o These decisions will have substantial consequences for program participants. There are only two choices if projected expenditures exceed the cap: reduce benefits for all participants, spreading the reduction over as many months as possible to reduce the impact in any single month; or stop issuing benefits entirely for some period of time at the end of the fiscal year.
- o The historical illustration suggests that, given the magnitude of the reductions that would have been required, both options would have serious implications for the people who need nutrition assistance. If the cap applied in fiscal year 1995, and the program was faced with achieving \$6.7 billion in savings, benefits in the last six months of the year would have to be reduced by 57 percent.<sup>6</sup> The average monthly

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<sup>5</sup>The Administration's estimate of the cost of maintaining current services in the Food Stamp Program is slightly higher than CBO's estimate. This, combined with slightly lower Administration estimates of the total impact of H.R. 4 on Food Stamp Program costs, accounts for the \$3.3 billion in expected additional benefit reductions.

<sup>6</sup> It is unlikely that there would be enough information to determine the need for and size of the required reduction any earlier than midway through the year.

benefit per person would fall from about \$71 to \$31. Alternatively, the Food Stamp Program could shut down completely for more than three months, issuing no benefit to any household. Both options effectively eliminate the ability of low-income families and individuals to purchase an adequate, nutritious diet.

*The bill is not as tough on fraud as it could be.* The Food Stamp Program faces a serious threat. Its remarkable success is eclipsed by a growing perception of a program in crisis. We need to change that perception through swift, effective steps to end the diversion of food stamps for personal profit.

- o The Administration proposed a legislative package that would give USDA the authority and necessary tools to rein in program abuse. The Administration's strategy focuses on preventing fraud by ensuring that only legitimate stores participate, improving USDA's ability to monitor authorized retailers, and strengthening penalties against retailers and recipients who violate program rules.
- o This bill adopts many of the proposals to get tough on criminals who defraud the Food Stamp Program. It does not, however, go as far as it could have. In addition to the provisions adopted, USDA's proposals would:
  - allow USDA to determine the length of time a store found to have business integrity problems (such as convictions for embezzlement, insurance fraud, etc.) would be barred from the program;
  - increase USDA access to a wide variety of documents to verify the legitimacy of retail food stores;
  - expand authority to use retailer-provided information when cooperating with law enforcement authorities; and
  - permit USDA to permanently disqualify retailers who intentionally submit falsified applications.

*The bill will reduce food spending and harm the food industry and farm economy.*

- o The \$23.2 billion reduction called for in Titles IV and V of the bill would ultimately mean that low-income families will have less to spend on food, lowering retail food sales by as much as \$4.6 billion to \$10.4 billion over the next five years.<sup>7</sup>

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<sup>7</sup>The changes contained in Titles I, VI, and VII of H.R. 4 will have two effects on retail food sales. The overall reduction in cash benefits to low-income households means that these households will spend less on food. However, the increase in food stamp benefits resulting from lower AFDC and SSI payments will have the opposite effect. This analysis does not

- o As food spending declines, the loss in sales would affect earnings of food manufacturing and distribution firms. Agricultural producers would suffer decreases in gross farm income ranging from \$235 million to \$515 million per year as farm prices and food sales decline. Farm program costs would increase by \$45 million to \$90 million per year.

*The bill undermines a national, uniform EBT system.* The Administration strongly believes that it is time to create a benefit delivery system that works better and costs less. Under the Vice-President's leadership, we are already moving to make EBT nationwide in the fullest sense -- one card, user friendly, with unified delivery of government-funded benefits. This bill would allow every State to pursue their own independent path to EBT.

- o Food retailers, financial institutions, and client advocates agree that a national, uniform EBT system provides better service, reduces security risks, and increases cost-effectiveness more than independent State systems. National uniformity eliminates the need to repeat sizable investments in system development as each State implements EBT. Standard rules maximize the opportunity to piggyback on the commercial ATM and POS infrastructure.
- o Program security can be compromised if each State is allowed to develop its own system. System security is not free. If national security standards are not established and enforced, States will face the difficult choice between reducing costs and jeopardizing program security. We want to ensure more program integrity, not less.
- o Common rules and procedures for EBT systems will allow participants to purchase food in their home States, neighboring States, or any State. Without uniform rules, inter-State benefit redemption will be difficult at best, making it likely that participants would lose their ability to redeem food stamp benefits anywhere in the country.
- o A block grant for the Food Stamp Program is not needed to move EBT along -- it is already happening. A coalition of 7 Southern States, sharing the vision of streamlined, cost-effective EBT, is working in partnership with the Federal EBT Task Force and federal agencies to implement a joint EBT system by 1996. Nine States are already operating EBT systems for the Food Stamp Program; 30 other States are currently planning or in the process of implementing EBT.

*The bill proposes an unworkable work program.*

- o By denying benefits to any single adult or childless couple who does not work or participate in a workfare program -- without requiring that States provide jobs,

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attempt to quantify the impacts of these Titles on retail food sales.

training, or workfare slots -- this bill makes nutrition benefits contingent on finding jobs that may not exist.

- o This provision will take all nutrition benefits away from 1.1 million participants within 3 months of implementation unless:
  - States manage to create an equal number of workfare slots (an extremely unlikely possibility given an annual cost of about \$900 to \$2,700 per slot, or about \$1 billion to \$3 billion overall) or enroll participants in State-run employment or training programs;
  - unemployment rates exceed 10 percent (an exemption that will apply to relatively few places -- even in the depth of the serious recession in 1982, when the national unemployment rate reached 9.7 percent, the highest rate seen in over 50 years, only about one-third of all major urban areas would have qualified for this exemption); or
  - the Secretary determines that sufficient jobs are not available.

*The bill will consolidate several of USDA's commodity programs.* The bill will combine several Food Distribution Programs into one Consolidated Grant, including the Commodity Supplemental Food Program, the Emergency Food Assistance Program, the Food Banks/Soup Kitchens Program and the Commodity Program for Charitable Institutions and summer camps.

- o The funding section would, however, prohibit the Department from using the appropriated amount for initial processing and packaging of commodities, or for distribution of commodities to States.
- o While the Secretary may use Commodity Credit Corporation or Section 32 funds for these purposes, it is not possible to know whether such funds actually would be available. If funds were not available, it would place the Secretary in the position of purchasing commodities for emergency feeding programs, but without funds to process the food into customer-friendly sizes or to be able to pay for food delivery to the States.

**Table 1**  
**Preliminary Estimates of the Effects of the Personal Responsibility**  
**Act of 1995 on Food Assistance Programs**  
(Dollars in millions)

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
<b>Special Nutrition Programs:</b>							
321	Family Nutrition Block Grant	-987	-992	-1,048	-1,084	-1,149	-5,260
341	School-Based Nutrition Block Grant	-104	-198	-288	-353	-419	-1,362
511-528	Commodity program consolidation <sup>1</sup>	0	0	0	0	0	0
	<b>Subtotal</b>	<b>-1,091</b>	<b>-1,190</b>	<b>-1,336</b>	<b>-1,437</b>	<b>-1,568</b>	<b>-6,622</b>
<b>Food Stamp Program:</b>							
401	Ineligibility of illegal aliens	0	0	0	0	0	0
402	Ineligibility of nonimmigrants <sup>2</sup>						
403	Ineligibility of immigrants	0	-820	-780	-740	-710	-3,050
541	State option to operate a simplified Food Stamp Program	0	0	0	0	0	0
542	Permit States to conform AFDC/FSP rules <sup>3</sup>	n/a	n/a	n/a	n/a	n/a	
	An AFDC penalty for noncompliance with work requirements cannot result in an increase in food stamp benefits	-5	-5	-5	-5	-5	-25
551	Limit cost-of-living adjustments to the Thrifty Food Plan to 2.0% per year	-160	-475	-875	-1,350	-1,830	-4,690
552	Freeze the standard deduction and shelter deduction after 1995						
	-- standard	-130	-230	-360	-490	-625	-1,835
	-- shelter	-85	-410	-590	-655	-735	-2,475
	-- homeless shelter deduction	b	b	b	b	b	
	Count State energy assistance as income	-220	-220	-220	-220	-220	-1,100
	LIHEAP-covered expenses not counted when calculating shelter deduction	-35	-40	-40	-40	-40	-195

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
553	Freeze the FMV limit at \$4,550	-5	-55	-75	-100	-120	-355
	Count the value of vehicles used to transport fuel and water	a	a	a	a	a	
554	Work requirements for able-bodied, adults with no dependents	-1,480	-1,255	-1,095	-1,140	-1,185	-6,155
555	Treatment of disqualified individuals	-5	-10	-10	-10	-10	-45
556	States can implement EBT under terms and conditions they deem appropriate <sup>4</sup>	n/a	n/a	n/a	n/a	n/a	
	Allows States with Statewide EBT systems to accept FSP block grants						
557	Repeals the provision indexing the \$10 minimum allotment	0	0	-35	-35	-35	-105
558	Reinstates proration of benefits at recertification	-25	-30	-30	-30	-30	-145
559	Repeals the 1993 QC reforms <sup>5</sup>	0	0	0	0	0	0
560	Permits States to use food stamp benefits as a wage subsidy	a	a	a	a	a	
561	Caps FSP expenditures at the CBO baseline; institute a pro rata reduction if costs exceed cap	0	-790	-985	-840	-655	-3,270
571	Retailer authorization periods	0	0	0	0	0	0
572	Approval of retail food stores and wholesale food concerns	0	0	0	0	0	0
573	Waiting period for retailers denied approval	0	0	0	0	0	0
574	Disqualification of retail food stores and wholesale food concerns	0	0	0	0	0	0
575	Suspension pending judicial review	0	0	0	0	0	0
576	Criminal forfeiture	a	a	a	a	a	
577	Expanded definition of coupon	0	0	0	0	0	0
578	Doubled recipient penalties for violations	a	a	a	a	a	
579	Disqualification of convicted individuals	0	0	0	0	0	0
580	Mandatory Federal tax offset	0	-5	-5	-5	-5	-20

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
581	Ten-year sanction for those participating in more than one State	a	a	a	a	a	
582	Disqualification of noncustodial parents with child support orders who are not paying support	-5	-15	-25	-35	-50	-130
583	Elimination of benefits and information sharing related to fugitive felons	a	a	a	a	a	
	Interactions between provisions	15	55	80	110	140	400
	<b>Subtotal</b>	<b>-2,140</b>	<b>-4,305</b>	<b>-5,050</b>	<b>-5,585</b>	<b>-6,115</b>	<b>-23,195</b>
	Interactions with other titles in H.R. 4 <sup>6</sup>	530	895	1,195	1,475	1,795	5,890
	Total Effect of H.R. 4 on Food Stamp Program Expenditures	-1,610	-3,410	-3,855	-4,110	-4,320	-17,305
	<b>Total</b>	<b>-2,701</b>	<b>-4,600</b>	<b>-5,191</b>	<b>-5,547</b>	<b>-5,888</b>	<b>-23,927</b>

**NOTES:**

<sup>1</sup> H.R. 4 includes additional spending authority for commodity programs that is subject to appropriations and is not scored as a cost under PAYGO rules until actually appropriated.

<sup>2</sup> The savings of making nonimmigrants ineligible for the Food Stamp Program is included in the savings of making immigrants ineligible for food stamps.

<sup>3</sup> The language for the simplified Food Stamp Program seems to ensure that States will pay no more in food stamp benefits under a simplified program than they would under the regular FSP. Savings or costs are possible depending on how States implement the Temporary Assistance for Needy Families Block Grant and the food stamp provisions under this bill.

<sup>4</sup> There could be additional savings or costs to the extent States opt for block grants and the block grant amounts are less or more than projected State shares.

<sup>5</sup> Estimated liabilities increase. However, it is assumed that liabilities are reinvested in corrective action.

<sup>6</sup> Titles I, VI, and VII of H.R. 4 lead to offsetting increases in Food Stamp Program costs by reducing the income of food stamp participants.

a Minimal savings anticipated

b Minimal costs anticipated

Estimates are based on H.R. 4 as passed by the House of Representatives March 24, 1995.

**Table 2**  
**Preliminary Estimate of Food Stamp Participants Affected by the**  
**Personal Responsibility Act of 1995**  
(in thousands)

Provision	Participants Losing Eligibility	Participants with Lower Benefits		
		Total	Children	Elderly
AFDC penalty for noncompliance with work cannot result in an increase in food stamp benefits	0	2	0	0
Limit COLAs to TFP to 2.0% per year	0	25,080	13,800	1,800
Freeze the standard ded. after 1995	0	20,500	11,500	1,600
Freeze the shelter ded. after 1995	0	4,400	2,700	0
Count State energy assistance as income	0	4,500	2,400	80
Do not count LIHEAP-covered expenses when calculating the shelter deduction	0	3,600	1,800	250
Freeze the FMV limit at \$4,550	5	0	0	0
Make most legal aliens ineligible	1,125 <sup>1</sup>	0	0	0
Impose work requirements for able-bodied adults with no dependents	1,130 <sup>2</sup>	0	0	0
Treatment of disqualified individuals	2	0	0	0
Repeal provision indexing \$10 minimum allotment <sup>3</sup>	0	670	30	390
Reinstate proration of benefits at recertification	0	130	65	10
<b>Total</b>	<b>2,220</b>	<b>25,080</b>	<b>13,800</b>	<b>1,800</b>

<sup>1</sup> This provision has no effect in Fiscal Year 1996.

<sup>2</sup> The number of able-bodied adults made ineligible by this provision is estimated to fall to 765,000 by Fiscal Year 1998.

<sup>3</sup> The effects of this provision are expected to be seen in Fiscal Year 1998.

Estimates are based on H.R. 4 as passed by the House of Representatives March 24, 1995. Estimates do not include the offsetting effects of changes made to AFDC and SSI in other titles of H.R. 4.

**Table 3**  
**The Shortfall Between Actual and Projected Food Stamp Program Costs:**  
**The Case of the 1990 Farm Bill**  
(Dollars in millions)

	1991	1992	1993	1994	1995	Total
Actual Total Program Cost	18,770	22,462	23,656	24,464	25,159	114,511
USDA Projections	15,576	16,214	16,885	17,721	18,601	84,997
Difference	-3,194	-6,248	-6,771	-6,743	-6,558	-29,514
CBO Projections	15,560	16,090	16,880	17,710	18,480	84,720
Difference	-3,210	-6,372	-6,776	-6,754	-6,679	-29,791

Based on USDA and CBO estimates prepared for the fiscal year 1991 budget. Actual program cost in 1995 is based on estimates in the FY 1996 President's Budget.

**Table 4**  
**Preliminary Estimates of the Effect of the**  
**Personal Responsibility Act of 1995**  
**on the Food Stamp Program by State for Fiscal Years 1996 - 2000**  
(Dollars in millions)

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
Alabama	\$2,936	\$2,583	- \$353	- 12.0
Alaska	316	279	- 37	- 11.9
Arizona	2,505	2,117	- 387	- 15.5
Arkansas	1,348	1,186	- 162	- 12.0
California	14,028	11,378	- 2,650	- 18.9
Colorado	1,443	1,226	- 217	- 15.0
Connecticut	951	770	- 180	- 19.0
Delaware	305	262	- 42	- 13.9
District of Columbia	533	454	- 79	- 14.9
Florida	8,421	7,066	- 1,355	- 16.1
Georgia	4,258	3,727	- 532	- 12.5
Hawaii	845	732	- 113	- 13.4
Idaho	367	312	- 55	- 14.9
Illinois	6,686	5,574	- 1,112	- 16.6
Indiana	2,600	2,251	- 349	- 13.4
Iowa	935	803	- 132	- 14.1
Kansas	898	738	- 160	- 17.8
Kentucky	2,706	2,350	- 356	- 13.2
Louisiana	4,150	3,647	- 502	- 12.1
Maine	712	607	- 105	- 14.7
Maryland	2,157	1,781	- 376	- 17.4
Massachusetts	2,097	1,718	- 379	- 18.1
Michigan	5,428	4,596	- 833	- 15.3
Minnesota	1,536	1,283	- 253	- 16.5
Mississippi	2,620	2,305	- 316	- 12.1
Missouri	3,029	2,585	- 444	- 14.7
Montana	356	309	- 47	- 13.2
Nebraska	519	455	- 64	- 12.4
Nevada	553	465	- 89	- 16.0
New Hampshire	295	244	- 51	- 17.2
New Jersey	3,113	2,602	- 511	- 16.4
New Mexico	1,243	1,062	- 180	- 14.5
New York	11,622	8,899	- 2,723	- 23.4
North Carolina	3,091	2,713	- 378	- 12.2
North Dakota	236	206	- 29	- 12.5
Ohio	7,074	5,949	- 1,126	- 15.9
Oklahoma	1,889	1,635	- 254	- 13.5
Oregon	1,522	1,180	- 341	- 22.4
Pennsylvania	6,325	5,275	- 1,050	- 16.6
Rhode Island	473	362	- 112	- 23.6

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
South Carolina	1,951	1,729	- 222	- 11.4
South Dakota	281	248	- 33	- 11.8
Tennessee	3,843	3,274	- 568	- 14.8
Texas	14,289	11,911	- 2,379	- 16.7
Utah	646	551	- 95	- 14.7
Vermont	255	217	- 38	- 14.9
Virginia	2,864	2,437	- 426	- 14.9
Washington	2,426	1,875	- 551	- 22.7
West Virginia	1,614	1,438	- 175	- 10.9
Wisconsin	1,498	1,284	- 215	- 14.3
Wyoming	173	151	- 22	- 12.9
Total <sup>1</sup>	142,213	119,038	-23,175	- 16.3

<sup>1</sup> Totals include territories and outlying areas. The total difference does not include collections through the Federal Tax Refund Offset Program. Individual cells may not sum to totals because of rounding.

Estimates are based on H.R. 4 as passed by the House of Representatives March 24, 1995. Estimates do not include the offsetting effects of changes made to AFDC and SSI in other titles of H.R. 4.

April 14, 1995

**Table 5**  
**Preliminary Estimates of the Effect of the**  
**School and Family Based Block Grants in the Personal**  
**Responsibility Act of 1995 by State for Fiscal Years 1996 - 2000**  
(Dollars in millions)

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
Alabama	\$1,339	\$1,218	- \$120	- 9.0
Alaska	209	169	- 40	- 19.1
Arizona	1,125	993	- 133	- 11.8
Arkansas	832	758	- 74	- 8.9
California	8,567	7,469	- 1,099	- 12.8
Colorado	731	644	- 87	- 11.9
Connecticut	593	553	- 40	- 6.7
Delaware	186	164	- 22	- 12.0
District of Columbia	189	169	- 20	- 10.6
Florida	3,493	3,105	- 388	- 11.1
Georgia	2,150	2,019	- 131	- 6.1
Guam	53	48	- 5	- 9.6
Hawaii	329	288	- 41	- 12.5
Idaho	292	276	- 17	- 5.8
Illinois	2,507	2,309	- 198	- 7.9
Indiana	1,121	1,046	- 75	- 6.7
Iowa	612	578	- 34	- 5.6
Kansas	757	657	- 100	- 13.2
Kentucky	1,144	1,063	- 81	- 7.1
Louisiana	1,852	1,645	- 207	- 11.2
Maine	287	250	- 37	- 13.0
Maryland	958	840	- 118	- 12.3
Massachusetts	1,112	1,004	- 108	- 9.7
Michigan	1,785	1,627	- 159	- 8.9
Minnesota	1,202	1,050	- 153	- 12.7
Mississippi	1,234	1,111	- 123	- 10.0
Missouri	1,260	1,146	- 113	- 9.0
Montana	231	201	- 30	- 12.9
Nebraska	493	428	- 66	- 13.3
Nevada	249	221	- 27	- 11.0
New Hampshire	203	193	- 10	- 5.0
New Jersey	1,268	1,189	- 79	- 6.2
New Mexico	713	601	- 112	- 15.7
New York	4,743	4,369	- 373	- 7.9
North Carolina	1,827	1,657	- 170	- 9.3
North Dakota	218	187	- 31	- 14.2
Ohio	2,152	1,982	- 171	- 7.9
Oklahoma	957	852	- 105	- 11.0
Oregon	701	613	- 88	- 12.6
Pennsylvania	2,171	2,049	- 121	- 5.6

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
Puerto Rico	1,645	1,516	- 129	- 7.8
Rhode Island	180	165	- 15	- 8.5
South Carolina	1,198	1,102	- 96	- 8.1
South Dakota	232	212	- 20	- 8.6
Tennessee	1,349	1,233	- 116	- 8.6
Texas	6,160	5,469	- 690	- 11.2
Utah	626	546	- 80	- 12.8
Vermont	137	124	- 13	- 9.6
Virginia	1,207	1,130	- 77	- 6.4
Virgin Islands	84	75	- 9	- 10.6
Washington	1,142	1,000	- 142	- 12.4
West Virginia	516	468	- 48	- 9.2
Wisconsin	935	908	- 27	- 2.9
Wyoming	133	118	- 16	- 11.8
ITOs	217	177	- 39	-18.2
Dept. of Defense	25	26	1	5.8
<b>Total</b>	<b>67,630</b>	<b>61,008</b>	<b>- 6,622</b>	<b>- 9.8</b>

Estimates are based on H.R. 4 as passed by the House of Representatives March 24, 1995. Individual cells may not sum to total due to rounding.

-- D R A F T --

**Welfare Reform and the National Nutrition Safety Net:  
A Comparison of the Alternatives**

July 25, 1996

Food and Consumer Service  
U.S. Department of Agriculture

## **Welfare Reform and the National Nutrition Safety Net: A Comparison of the Alternatives**

The welfare reform bills recently passed in different forms by the House of Representatives and the Senate make some of the important improvements recommended by the Administration and included in the National Governors Association proposals. At the same time, however, neither bill fixes the provisions of H.R. 4 that would adversely affect benefits for food stamp households and legal immigrants. In addition, the House bill gives States an option to replace the Food Stamp Program with a block grant and retains a provision on illegal aliens which would result in the denial of school meals to millions of eligible children. By cutting essential nutrition benefits -- especially benefits for children -- too deeply, these bills could unravel the national nutrition framework that has served America so well for over 30 years.

The Nation's food assistance programs have a long, successful history of getting food to people who need it. The national nutrition safety net helps protect the health and well-being of millions of low-income children, working families, and elderly every day. The Food Stamp Program reaches nearly 13 million children and nearly 2 million elderly -- more than half of all participants -- each month. Over 80 percent of all food stamps -- \$18 billion in 1995 -- benefit families with children. Every school day, nearly 26 million children receive USDA-supported lunches. Another 2.5 million children participate daily in the child and adult care feeding program. And WIC reaches over 5 million infants and children: forty-five percent of all infants born in the United States participate in the WIC Program.

Throughout their history, the Food Stamp, Child Nutrition and WIC Programs have produced significant and measurable positive nutrition outcomes among the children and families they serve. The programs work because of national nutrition, eligibility, and benefit standards; a funding structure that ensures the programs respond to changing needs caused by economic growth and recession; and Federal oversight, which helps ensure their integrity.

### **Food Stamp Program**

The welfare reform bills passed by the House and Senate removed the proposed annual spending cap on the Food Stamp Program, preserving its ability to expand during periods of economic recession and help families when they are most in need. The proposed bills, however, would cut food stamp benefits deeply: \$27 billion over seven years in the House bill and \$22 billion in the Senate bill.<sup>1</sup> These cuts are substantially deeper than the changes proposed by the President in his plan to achieve a balanced budget by the year 2002.

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<sup>1</sup> The total savings include \$3.66 billion stemming from changes affecting legal immigrants. The total does not include increases in food stamp benefits resulting from cuts in cash welfare payments made elsewhere in the bills.

- o ***The House gives States the option to replace the Food Stamp Program with a block grant. The President's plan and the Senate bill maintain the national nutrition safety net and the Food Stamp Program's economic responsiveness by rejecting block grants for the Food Stamp Program.*** By providing States an option to replace the Food Stamp Program with a block grant, the House bill takes a large step towards the breakup of a national food program.

A State may choose to take a block grant if it has fully implemented an Electronic Benefit Transfer (EBT) system, has a payment error rate less than 6 percent, or pays the Federal government the difference between their error rate and 6 percent. Under these conditions 14 States could qualify for a block grant immediately; another 4 States have error rates between 6 percent and 7 percent and could "buy-in" to a block grant at a relatively low price. These 18 States account for about 25 percent of all current program participants. These numbers will grow as more States move towards EBT and improved payment accuracy.

Replacing the Food Stamp Program with a block grant could have serious consequences for the health and well-being of the Nation's families and children. A food stamp block grant would weaken the national nutrition safety net, eliminate the Program's ability to respond to changing economic conditions, eliminate national eligibility and benefit standards, and sever the link between food stamps and nutrition. Ensuring that families and their children get the food they need is a national responsibility.

Both the House and Senate bills eliminate the Federal guarantee of cash assistance for poor children. Instead, each State would get a lump sum to run its own welfare and work program. The consequences of such an important shift in direction for poor children cannot be anticipated fully. Given such uncertainty, this is no time to experiment with basic nutrition benefits for families and children. It is essential to continue the national Food Stamp Program if AFDC is turned over to the States.

It is not possible for a food stamp block grant to respond to economic or demographic changes. While the number of people eligible for and in need of assistance will grow as the economy weakens, unemployment rises, or poverty increases, Federal funding would no longer automatically increase in response to the rising need. The demand for assistance to help children and working families would be greatest at precisely the time when State economies are weakest. If all States had elected to take a block grant similar to that offered by these bills in 1989, block grant funding for food stamp benefits would have fallen more than \$12 billion short of actual expenditures in 1994, a reduction of 50 percent. Funding reductions of this size could have required dramatic reductions in the number of people served by the Food Stamp Program. *For the Nation as a whole, the Food Stamp Program would have been able to serve 8.3 million fewer children.*

The financing provisions proposed by the House also create a potential windfall for some States that choose to take the block grant. Funding for that grant is equal to the amount received in 1994 (or the average over the three years ending in 1994, whichever is higher). But food stamp participation peaked in 1994 and has fallen substantially since then: in April 1996, less than 26 million people received food stamps, more than a million fewer than a year ago and two million fewer than two years ago. Thus, States that take a block grant can lock-in funding at a relatively high level. Moreover, States that elect the block grant can avoid the food stamp benefit cuts contained in the welfare reform bills.

- o ***Both the House and Senate would reduce food stamp benefits to families who face relatively high shelter costs -- almost all of which are families with children. The President's plan protects families with relatively high shelter costs.*** Households can deduct a portion of their shelter costs from their income in calculating benefits. The shelter deduction targets benefits by recognizing that high shelter costs hinder the ability of low-income households to purchase an adequate diet. Until enactment of the Mickey Leland Childhood Hunger Relief Act of 1993, the program capped the maximum deduction for all households except those with elderly and disabled. The Mickey Leland Act removes the cap in January 1997 so households with children are treated the same as those with elderly and disabled.

The National Governors' Association recommended retention of current law. The President's plan protects families with relatively high shelter costs by maintaining current law. The House bill, however, would freeze the limit on the maximum shelter deduction at \$247; the Senate bill would freeze the limit at \$342. As a result, more than one million households with children would receive fewer food stamps under the House bill; about half a million families would lose benefits under the Senate bill. Over 90 percent of the savings achieved by this provision in both the House and Senate bills come from families with children. Freezing the maximum shelter deduction means that more and more families with children will have to choose between paying the rent and utility bills or putting food on the table.

- o ***Both the House and Senate place time limits on many food stamp participants without children. The House limits are particularly severe. The President's plan offers a tough, but fair, work requirement.*** The House bill limits food stamp assistance provided to childless adults to *three months in their lifetime* except for months in which they are working at least half time or in an employment and training slot approved by the State. The Senate bill requires work or participation in an employment and training activity of able-bodied, childless adults after receiving food stamps for 4 months in any 12-month period and allows an additional 2-month exemption for those participating in job search and job search training programs and hardship exemptions for up to 20 percent of those subject to the time limits.

For many childless adults, food stamps is the only assistance available: nearly half have no other income. Many rely on food stamps for only temporary assistance: nearly 60 percent of those who enter the program today will leave on their own within six months; nearly 80 percent will leave within a year. And most are exceedingly poor: on average, their income is only 28 percent of the poverty line (roughly \$175 a month). Over 40 percent are women, and 10 percent are married couples.

The House bill is especially harsh. It will strike hardest at those who are earnestly trying to make it on their own, those who want to work and often do work, but too often at marginal jobs with low wages and little opportunity for advancement. The fortunes of those at the margin can swing both ways, and to deny them access to basic nutrition benefits if they fall on misfortune more than once in their life is unduly harsh.

Anyone not willing to work should not receive food stamps. But those who are willing should have the opportunity and the support necessary to put them to work. Under the proposed welfare reform bills, many low-income Americans would lose their food stamp benefits, not because they are unwilling to work, but because States are unable or unwilling to provide sufficient work and training opportunities. By denying benefits to any single adult or childless couple who does not work or participate in an employment and training program -- without requiring that States provide jobs or training slots -- the House and Senate bills make nutrition benefits contingent on finding jobs that may not exist. The House provision could take all nutrition benefits away from one million unemployed adults; the Senate bill could take benefits from 450,000 adults.

The President's plan supports a tough work requirement for anyone who can work: anyone who is not willing to work would be removed from the program. But before terminating participation for those willing to work, the State must offer them a job or a training slot.

- o ***Both the House and Senate ban food stamp participation by virtually all legal immigrants.*** Illegal aliens should not receive food stamps and, under current law, they do not. By the same token, legal immigrants who work, pay taxes, and contribute to society should not be denied access to basic safety net programs. The proposed welfare reform bills would end eligibility for one million legal immigrants. The President's proposals would make sponsors of legal immigrants more responsible for their financial needs.

### **Child Nutrition Programs**

The welfare reform bills passed by the House and Senate eliminate the proposed child nutrition block grant demonstrations contained in H.R. 4. This is a significant improvement,

The Senate bill also moderates the depth of the proposed cuts to Child Nutrition Programs substantially: the Senate bill would cut \$3 billion over seven years, just half of the nearly \$6 billion in cuts proposed by the House.<sup>2</sup>

- o *The House bill retains burdensome administrative provisions related to the treatment of immigrants. The Senate bill exempts the Child Nutrition Programs from these onerous burdens.* The House bill would dramatically increase administrative complexity at the State and local levels. Provisions excluding illegal aliens from all child nutrition benefits creates an unprecedented local administrative burden and will ultimately deny benefits to millions of eligible children. The provision would require all 45 million students enrolled in participating schools to document their citizenship in order to participate in the Federally-supported lunch program. Local agencies would not only have to certify citizenship, but also the specific alien status in order to determine eligibility. Schools could not use Federal funds to serve meals to children who fail to provide documentation. An estimated 6 million fewer eligible children would receive meals daily because documenting citizenship creates a barrier to the program. As a result, Federal expenditures for currently eligible children would decrease by \$1.3 billion over seven years. Overall, the provision would reduce funding by nearly \$1.9 billion over seven years.

The House bill would also bar many pregnant women from participating in WIC, endangering the health of both mother and child, and ultimately increasing the cost to the government of providing health care to their children, citizens at birth.

The Senate bill includes a provision designed to prohibit conditioning child nutrition and WIC benefits on citizenship or immigration status. The Administration supports this effort to ensure that access to these central nutrition benefits is maintained.

America needs a national system of Federal nutrition programs that establishes and meets nutrition standards, responds to economic changes, and ensures that the health and nutritional well-being of families and children are protected. The size of the reductions proposed in these bills and the hole created in the nutritional safety net with the House proposal for food stamp block grants have serious consequences for the nutrition, health, and well-being of millions of American children and families.

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<sup>2</sup> The total savings for the House bill include \$1.86 billion stemming from changes affecting immigrants.

## SUMMARY TABLES

**Table 1 -- Preliminary Cost Estimates of the Personal Responsibility and Work Opportunity Act of 1996**  
(Dollars in millions)

	House Proposals		Senate Proposals		Administration Proposals	
	Seven-Year Total	Percent	Seven-Year Total	Percent	Seven-Year Total	Percent
<b>All Households</b>						
Food Stamp Program	- \$27,210	- 13.6	- \$22,445	- 11.2	- \$18,730	- 9.4
Special Nutrition Programs	- 5,704	- 8.2	- 2,950	- 4.3	- 3,370	- 4.9
Total	- 32,914	- 12.2	- 25,395	- 9.4	- 22,100	- 8.2
<b>Children</b>						
Food Stamp Program	- 19,982	- 12.3	- 18,803	- 11.6	- 16,167	- 9.9
Special Nutrition Programs	- 5,704	- 8.2	- 2,950	- 4.3	- 3,370	- 4.9
Total	- 25,686	- 11.1	- 21,753	- 9.4	- 19,537	- 8.4

Estimates exclude increases in food stamp benefits resulting from cuts in cash welfare payments made elsewhere in the bills. Estimates include \$3.66 billion in food stamp savings from provisions affecting immigrants; estimates of the House proposals include \$3.66 billion in food stamp savings and \$1.86 billion in child nutrition savings from provisions affecting immigrants.

These are preliminary FCS estimates based on the House welfare reform bill and the Senate welfare reform bill, which passed July 18, 1996 and July 23, 1996 respectively. These estimates are subject to change. They have not been reviewed by the Office of Management and Budget.

Table 2 -- Effects of the Personal Responsibility and Work Opportunity Act of 1996  
on the Food Stamp Program by State for Fiscal Years 1996 - 2002  
(Dollars in millions)

State	Projected Food Stamp Costs Under Current Law	Reductions Proposed by the House			Reductions Proposed by the Senate				
		Loss Among All Participants		Loss Among Families with Children	Loss Among All Participants		Loss Among Families with Children		
		Total	Percent	Total	Percent	Total	Percent		
Alabama	\$3,823	- \$408	- 10.7	- \$307	75.3	- \$341	- 8.9	- \$290	85.1
Alaska	464	- 45	- 9.8	- 35	76.1	- 33	- 7.2	- 30	88.9
Arizona	3,531	- 450	- 12.7	- 343	76.2	- 384	- 10.9	- 333	86.7
Arkansas	1,844	- 196	- 10.7	- 147	75.0	- 166	- 9.0	- 138	83.6
California	22,098	- 3,406	- 15.4	- 2,853	83.8	- 3,065	- 13.9	- 2,808	91.6
Colorado	1,861	- 242	- 13.0	- 177	73.0	- 185	- 9.9	- 156	84.5
Connecticut	1,497	- 227	- 15.2	- 167	73.7	- 161	- 10.8	- 139	85.9
Delaware	423	- 50	- 11.7	- 37	73.7	- 39	- 9.2	- 33	85.1
District of Columbia	800	- 92	- 11.5	- 63	68.7	- 69	- 8.6	- 58	83.9
Florida	11,302	- 1,540	- 13.6	- 1,135	73.7	- 1,355	- 12.0	- 1,111	82.0
Georgia	6,093	- 641	- 10.5	- 459	71.6	- 529	- 8.7	- 433	81.9
Hawaii	1,509	- 147	- 9.7	- 100	68.2	- 123	- 8.2	- 95	77.1
Idaho	515	- 66	- 12.9	- 53	79.4	- 54	- 10.4	- 47	88.2
Illinois	9,104	- 1,229	- 13.5	- 834	67.8	- 963	- 10.6	- 770	80.0
Indiana	3,302	- 394	- 11.9	- 286	72.6	- 307	- 9.3	- 258	83.9
Iowa	1,218	- 152	- 12.5	- 111	72.8	- 113	- 9.3	- 95	83.4
Kansas	1,226	- 189	- 15.4	- 142	75.4	- 157	- 12.8	- 133	84.4
Kentucky	3,573	- 407	- 11.4	- 286	70.3	- 320	- 8.9	- 263	82.4
Louisiana	5,427	- 571	- 10.5	- 435	76.3	- 484	- 8.9	- 415	85.9
Maine	969	- 124	- 12.8	- 77	62.4	- 88	- 9.1	- 65	74.0
Maryland	3,133	- 441	- 14.1	- 328	74.3	- 356	- 11.4	- 304	85.3
Massachusetts	2,783	- 435	- 15.6	- 330	75.9	- 344	- 12.4	- 292	84.8
Michigan	7,022	- 925	- 13.2	- 612	66.2	- 681	- 9.7	- 546	80.2
Minnesota	2,197	- 307	- 14.0	- 225	73.4	- 228	- 10.4	- 192	84.1
Mississippi	3,280	- 352	- 10.7	- 264	75.1	- 300	- 9.1	- 252	83.9
Missouri	4,189	- 502	- 12.0	- 353	70.3	- 383	- 9.2	- 320	83.6
Montana	512	- 59	- 11.5	- 44	74.7	- 46	- 9.1	- 39	84.2
Nebraska	681	- 79	- 11.7	- 63	79.3	- 64	- 9.4	- 55	86.4

State	Projected Food Stamp Costs Under Current Law	Reductions Proposed by the House			Reductions Proposed by the Senate				
		Loss Among All Participants		Loss Among Families with Children	Loss Among All Participants		Loss Among Families with Children		
		Total	Percent	Total	Percent	Total	Percent of Total Reduction		
Nevada	801	-99	-12.4	-65	65.9	-77	-9.6	-61	79.4
New Hampshire	381	-59	-15.5	-42	71.1	-40	-10.4	-34	84.6
New Jersey	4,556	-614	-13.5	-462	75.2	-503	-11.0	-419	83.3
New Mexico	1,720	-224	-13.0	-185	82.8	-197	-11.5	-177	89.5
New York	17,943	-3,304	-18.4	-2,281	69.0	-2,818	-15.7	-2,178	77.3
North Carolina	4,301	-465	-10.8	-354	76.2	-381	-8.9	-325	85.3
North Dakota	295	-35	-11.9	-26	75.3	-25	-8.3	-20	82.6
Ohio	8,920	-1,174	-13.2	-777	66.2	-878	-9.8	-715	81.4
Oklahoma	2,722	-308	-11.3	-228	74.2	-253	-9.3	-215	85.3
Oregon	2,212	-400	-18.1	-293	73.3	-341	-15.4	-280	82.3
Pennsylvania	8,953	-1,150	-12.8	-692	60.2	-798	-8.9	-611	76.6
Rhode Island	714	-133	-18.6	-102	76.9	-110	-15.4	-94	85.5
South Carolina	2,560	-268	-10.5	-214	79.5	-230	-9.0	-200	87.1
South Dakota	358	-39	-10.9	-30	77.8	-29	-8.2	-25	84.7
Tennessee	4,729	-575	-12.2	-369	64.2	-433	-9.2	-347	80.0
Texas	19,427	-2,755	-14.2	-2,167	78.7	-2,425	-12.5	-2,128	87.7
Utah	825	-103	-12.5	-77	74.6	-81	-9.9	-70	85.6
Vermont	410	-50	-12.1	-33	67.2	-36	-8.9	-28	77.3
Virginia	4,026	-493	-12.2	-347	70.3	-386	-9.6	-319	82.6
Washington	3,690	-638	-17.3	-472	74.0	-540	-14.6	-454	84.2
West Virginia	2,106	-231	-11.0	-181	78.3	-197	-9.4	-164	83.1
Wisconsin	2,168	-269	-12.4	-215	79.8	-205	-9.4	-181	88.3
Wyoming	245	-27	-11.0	-20	75.8	-21	-8.4	-18	86.2
Total <sup>1</sup>	200,107 <sup>2</sup>	-27,210	-13.6	-19,982	73.6	-22,445	-11.2	-18,803	84.0

Notes to Table 2:

<sup>1</sup> Totals include territories and outlying areas. The total loss includes proposed changes that affect program administration not allocated to States and participants.

<sup>2</sup> Excludes the Nutrition Assistance Program in Puerto Rico.

Estimates exclude increases in food stamp benefits resulting from cuts in cash welfare payments made elsewhere in the bills; estimates include \$3.66 billion in food stamp savings from provisions affecting immigrants.

These are preliminary FCS estimates based on the House welfare reform bill and the Senate welfare reform bill, which passed July 18, 1996 and July 23, 1996 respectively. These estimates are subject to change. They have not been reviewed by the Office of Management and Budget. Sums of columns may not equal totals due to rounding.

**Table 3 -- Effects of the Personal Responsibility and Work Opportunity Act of 1996  
on the Child Nutrition Programs<sup>1</sup>**  
(Dollars in millions)

State	Total Costs Among Families with Children Under Current Law	House Proposal: Seven Year Total (1996 - 2002)		Senate Proposal: Seven Year Total (1996 - 2002)	
		Loss Among Families with Children	Percent Loss Relative to Current Law	Loss Among Families with Children	Percent Loss Relative to Current Law
Alabama	\$1,426	- \$102	- 7.1	- \$47	- 3.3
Alaska	190	- 18	- 9.7	- 12	- 6.4
Arizona	1,222	- 90	- 7.4	- 50	- 4.1
Arkansas	877	- 63	- 7.2	- 30	- 3.5
California	8,465	- 629	- 7.4	- 401	- 4.7
Colorado	783	- 102	- 13.1	- 60	- 7.7
Connecticut	557	- 52	- 9.3	- 25	- 4.5
Delaware	210	- 29	- 13.6	- 15	- 7.1
Dist. of Columbia	201	- 6	- 2.8	- 3	- 1.7
Florida	3,603	- 165	- 4.6	- 60	- 1.7
Georgia	2,274	- 145	- 6.4	- 56	- 2.5
Hawaii	286	- 22	- 7.7	- 8	- 2.9
Idaho	272	- 27	- 9.9	- 12	- 4.4
Illinois	2,577	- 210	- 8.1	- 110	- 4.3
Indiana	1,075	- 111	- 10.4	- 47	- 4.4
Iowa	638	- 77	- 12.1	- 33	- 5.2
Kansas	878	- 142	- 16.1	- 88	- 10.0
Kentucky	1,189	- 60	- 5.0	- 20	- 1.7
Louisiana	2,097	- 166	- 7.9	- 94	- 4.5
Maine	298	- 42	- 14.2	- 26	- 8.6
Maryland	1,009	- 113	- 11.2	- 65	- 6.4
Massachusetts	1,202	- 129	- 10.7	- 70	- 5.8
Michigan	1,740	- 211	- 12.1	- 117	- 6.7
Minnesota	1,419	- 275	- 19.4	- 172	- 12.1
Mississippi	1,330	- 63	- 4.7	- 31	- 2.3
Missouri	1,291	- 126	- 9.7	- 62	- 4.8
Montana	235	- 31	- 13.0	- 18	- 7.7
Nebraska	577	- 90	- 15.6	- 55	- 9.5
Nevada	225	- 17	- 7.5	- 8	- 3.5
New Hampshire	211	- 16	- 7.4	- 6	- 2.8
New Jersey	1,282	- 77	- 6.0	- 28	- 2.2
New Mexico	840	- 103	- 12.3	- 64	- 7.6
New York	5,002	- 293	- 5.8	- 109	- 2.2
North Carolina	1,923	- 115	- 6.0	- 48	- 2.5
North Dakota	247	- 48	- 19.6	- 30	- 12.3

State	Total Costs Among Families with Children Under Current Law	House Proposal: Seven Year Total (1996 - 2002)		Senate Proposal: Seven Year Total (1996 - 2002)	
		Loss Among Families with Children	Percent Loss Relative to Current Law	Loss Among Families with Children	Percent Loss Relative to Current Law
Ohio	2,072	- 186	- 9.0	- 86	- 4.1
Oklahoma	1,041	- 67	- 6.4	- 34	- 3.2
Oregon	715	- 95	- 13.3	- 58	- 8.1
Pennsylvania	2,143	- 175	- 8.2	- 64	- 3.0
Rhode Island	167	- 11	- 6.4	- 4	- 2.5
South Carolina	1,261	- 76	- 6.0	- 30	- 2.4
South Dakota	248	- 31	- 12.7	- 17	- 6.7
Tennessee	1,383	- 94	- 6.8	- 39	- 2.8
Texas	6,403	- 434	- 6.8	- 239	- 3.7
Utah	668	- 101	- 15.1	- 60	- 8.9
Vermont	129	- 18	- 14.0	- 11	- 8.3
Virginia	1,228	- 114	- 9.3	- 52	- 4.3
Washington	1,197	- 140	- 11.7	- 83	- 7.0
West Virginia	518	- 32	- 6.2	- 15	- 3.0
Wisconsin	924	- 103	- 11.2	- 48	- 5.1
Wyoming	130	- 18	- 13.8	- 10	- 7.9
Total	69,425	- 5,704	- 8.2	- 2,950	- 4.2

<sup>1</sup> Totals include Puerto Rico, territories, outlying areas, Indian Tribal Organizations, and Department of Defense schools.

# STATE-FUNDED FOOD PROGRAMS FOR LEGAL IMMIGRANTS

## July 1998

STATES	STARTING DATE	TARGETED POPULATION	PERSONS SERVED  (Monthly Estimate)*	ISSUANCE  (Monthly Estimate)*
CALIFORNIA	9-1-97	Elderly (65 or older), Children under 18	45,000 4,000	\$1,600,000 EBT-\$254,000
FLORIDA	9-30-97	Elderly (65 or older)	13,500	\$905,000
ILLINOIS	1-1-98	Elderly (65 or older), Children under 18, Disabled	3,000	EBT-\$155,000
MAINE	9-1-98	Legal immigrants otherwise eligible	N/A	N/A
MARYLAND	10-1-97	Children under 18	1,100	EBT-\$84,000
NEBRASKA	8-1-97	Legal immigrants otherwise eligible	1,300	\$87,000
NEW JERSEY	9-1-97	Elderly (over 65), Disabled, Children, Some GA	2,700 2,500	\$225,000 EBT-\$224,000
NEW YORK	9-1-97	Elderly, Disabled, Children under 18	72,000	\$6,000,000
OHIO	4-1-98	SSI Recipients who resided in Ohio as of 8/22/96.	27 34	\$1,800 EBT-\$2,500
RHODE ISLAND	9-1-97	Legal immigrants otherwise eligible	5,000	\$200,000
WASHINGTON	9-1-97	Legal immigrants otherwise eligible	21,400	\$1,400,000
WISCONSIN	8-1-98	Legal immigrants otherwise eligible	N/A	N/A
TOTAL			171,561	EBT-\$719,500 Coupons-\$10,418,800

OTHER ACTIVITY				
MASSACHUSETTS	10-1-97 STATE EBT	Legal immigrants otherwise eligible	12,000	unknown
MINNESOTA	CASH VOUCHERS	TANF Families All Others	10,000	unknown
INDIANA	VOUCHERS	unknown	unknown	unknown
TEXAS	3/1/98  WARRANT	Elderly (65 or older) or SSI recipient and receiving food stamps during 8/96	15,500	817,000
CONNECTICUT	4/1/98 - EBT (State EBT begins 6/1/98)	Legal immigrants otherwise eligible	800	64,000

\* Estimates are based on information reported by States to USDA and are an average of the prior 3-4 months.

## Paper on alien provisions of AREERA

On 6/3/98 the President signed the Agricultural Research, Extension, and Education Reform Act of 1998. That Act contained provisions regarding two important aspects of the food stamp program:

- ◆ reductions in funding of employment and training programs, and
- ◆ food stamp alien eligibility.

As a result, an estimated 250,000 legal aliens will become eligible for food stamps on November 1, 1998.

Qualified aliens (as defined in PROWRA) who meet one of the following criteria will become eligible.

- Refugees, asylees, deportees, Cubans, Haitian, and Amerasians for 7 years (instead of 5 years);
- An alien who is receiving payments or assistance for blindness or disability (as defined in the Food Stamp Act) who was lawfully residing in the United States on August 22, 1996;
- An individual who was lawfully residing in the United States on August 22, 1996 and was 65 years of age or older at that time; and
- A child who was lawfully residing in the United States on August 22, 1996 and is now under 18 years of age.

The following aliens are eligible even if they are not qualified aliens, and they are eligible for an indefinite period of time.

- American Indians born in Canada to whom the provisions of section 289 of the Immigration and Nationality Act apply and members of an Indian tribe as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act (This provision was intended to cover Native Americans who are entitled to cross the United States border into Canada or Mexico. It was intended to include, among other, the St. Regis Band of the Mohawk in New York State, the Micmac in Maine, the Abanaki in Vermont, and the Kickapoo in Texas.);
- An individual who is lawfully residing in the United States and was a member of a Hmong or Highland Laotian tribe at the time that the tribe rendered assistance to United States personnel by taking part in a military or rescue operation during the Vietnam era beginning 8/5/64 and ending 5/7/75. The spouse or unmarried surviving spouse and unmarried dependent children of such individual may also be eligible for food stamps. We will be issuing guidance on how to verify Hmong status in the near future.

# NEWS

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## FOR IMMEDIATE RELEASE

### USDA TO PROVIDE 800 NUMBER FOR FOOD STAMP INFORMATION

BOSTON, April 7, 1999 – The U.S. Department of Agriculture will provide a toll-free 800 number that people can call to get information about eligibility and benefits in the Food Stamp Program, USDA Under Secretary for Food, Nutrition and Consumer Services Shirley Watkins announced today.

"It is important that people have easy access to information about the Food Stamp program, the cornerstone of America's nutrition safety net," said Watkins. "With today's announcement of an 800 number for food stamp information, we hope to help ensure that everyone who may be entitled to food stamps knows how to get these benefits if they need them."

Watkins said the toll-free number, 1-800-221-5689, will be available starting April 8, 1999. Callers using the number will reach a voice mail box where they can leave their name and address to receive information by mail about food stamps, including eligibility requirements, levels of benefits, and other details about how the program works.

Watkins was in Boston and Providence, RI to visit grassroots organizations working to eliminate hunger, and to talk to families who face hunger on a daily basis.

"Local programs and organizations are crucial to ending hunger in America," said Watkins, "but it is important to remember that the Food Stamp Program is also a local program, at work every day, in every community, improving the diets of needy people. No one should go hungry because they don't know about this vital nutrition assistance program."

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Remarks by Secretary of Agriculture Dan Glickman Food Stamp Education Campaign Roll-out Baltimore, Md August 17, 1999

Release No. 0338.99

Remarks

As Prepared for Delivery  
by  
Secretary of Agriculture-Dan Glickman  
Food Stamp Education Campaign Roll-out  
Baltimore, Md August 17, 1999

"Thank you very much, Lenora Bailey, for that very kind introduction and for sharing your story with us. Experiences like yours remind us public policy does indeed have a profound effect on the lives of real people.

"There are so many people to thank. First, Shirley Watkins, Under Secretary of Agriculture for Food, Nutrition and Consumer Services. Shirley's diligence and that of her staff has allowed USDA to launch this information effort with the materials you see here today.

"Thank you, Mayor Schmoke, and the city of Baltimore. Also, Maryland Secretary of Human Resources Lynda Fox, representing Governor Glendening who couldn't be with us. And thanks to the non-profit community, represented by Doug O'Brien from Second Harvest, as well as officials from FRAC and the Maryland Food Community.

"The reason we're all here presenting this united front is that we're concerned about an apparent misunderstanding in this country about food stamps what they're for and who qualifies for them.

"We've been fortunate during the last several years to experience economic growth virtually unprecedented in our lifetimes. Expanded job opportunities have allowed many people to go off the food stamp rolls and enjoy the satisfaction of feeding their families out of their own living wages.

"On its face, a drop in food stamp participation should be a good thing. Food stamps were designed -- and have always been used -- as a short-term solution...a transitional tool, not a lifestyle.

"But that's only part of the story. If you look closely at the numbers, you'll see that the food stamp rolls are actually declining five times faster than the poverty rate. Which means that there are many people out there who qualify for food stamps...but, for one reason or another, are going undernourished rather than take advantage of the program. What's more, many of those people are among our most vulnerable the elderly, children and legal immigrants.

"The question is: why? Certainly, there are some bureaucratic and administrative barriers. But we think that one of the biggest factors is information or lack of it. A lot of people simply don't know that they're eligible for food stamps...or don't know how or where to apply. A lot of them don't know that you can be working and still receive food stamps. Many were confused by the recent changes in the welfare system, mistakenly believing sometimes even led to believe that being ineligible for welfare meant you were ineligible for food stamps.

"The President has responded effectively to this problem. Last month, he announced a series of initiatives to make it easier for food-stamp eligible families to receive the benefits that are rightfully theirs. One of the things he did was issue a call to action, giving us a mandate to establish a far-reaching information campaign, to educate people about the program and its eligibility requirements.

"At the Department of Agriculture, we responded to that call. In just a few short weeks, we have developed the informational materials you see behind me. Posters, flyers, brochures, all written in clear language in both English and Spanish to be disseminated throughout communities nationwide. We also have a CD-ROM that will allow states and local community groups to tailor their materials to their specific populations.

"The partners assembled here today are the ones who can help us get these materials in the hands of America's families. And they are doing just that.

"Mayor Schmoke is embracing this effort, using our materials to launch a city-wide food stamps public information campaign, as part of a broad anti-hunger effort in Baltimore. He'll tell you more about that later on. We are also reaching out to mayors of the 50 largest American cities, urging them to use Mayor Schmoke's program as a model for their own communities. We will be working with the U.S. Conference of Mayors to reach every mayor in the nation, including those in smaller rural towns.

"Under the leadership of Secretary Fox and the Glendening Administration, Maryland has also stepped up to the plate. It has heeded the President's call and developed their own education effort on food stamps. And just as we're doing with the cities, we are sending a letter to every governor in the nation, in a packet along with our materials, urging them to follow Maryland's lead.

"Second Harvest and other non-profits play a key role in this distribution effort. These are the people on the front lines in the effort to combat hunger. Their grass-roots capabilities are indispensable in this campaign, especially considering that Second Harvest's network allows them to reach as many as 20 million people. Thanks to their work, this literature will be found in food banks and soup kitchens around the country.

"The commitment of the federal government and USDA to this effort does not end today. This is not the culmination...this is only the beginning. We have requested resources in next year's USDA budget specifically for this kind of education, and I am hopeful that Congress will grant that request.

"Rest assured that we'll be doing everything we can, together with our partners, to get the word out about food stamps...to ensure that all eligible people have the access to the food assistance they need to complete the journey to self-sufficiency.

"Thank you very much."

#

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## Informational Food Stamp Posters, Brochures, and Fliers

As described in our page on the [Food Stamp Public Education Campaign](#), this and the following pages link to the materials designed for partners, advocates, and the public to distribute to consumers who may be eligible to participate in the Food Stamp Program. These materials include posters, brochures, and fliers in four colors, as well as black and white fliers for photocopying.

All materials have been produced for each of four audiences, and each is available in English and in Spanish. Please click on the following links to view the products. If you are able to have these materials printed commercially, you can also request a set of CD-ROMS containing the complete camera copy printing files. These files may be customized for your particular audience and needs (for instance, you may wish to add your contact name, address, and phone numbers; incorporate your organization's logo; or adapt the content or the translation). If you make changes other than adding your logo or identifier, please remove the USDA logo.



- [General Public](#)
- [Working Poor](#)
- [Seniors](#)
- [Immigrants](#)

Last Updated: 02/17/00

LOS CUPONES DE

ALIMENTOS AYUDAN

A INDIVIDUOS Y

FAMILIAS CON POCOS

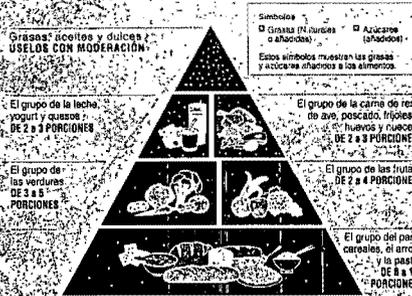
NINGUN RECURSO

A COMPRAR ALIMENTOS.

# UNA DIETA SALUDABLE LO AYUDA A TENER UN FUTURO SANO, NO IMPORTA SU EDAD

- Los cupones de alimentos mejoran sus posibilidades de consumir una gran variedad de alimentos.
- La Pirámide Alimenticia le enseña como escoger alimentos para tener una dieta saludable.

## LA PIRÁMIDE ALIMENTICIA: LA GUÍA DIARIA DE SELECCIÓN DE ALIMENTOS\*



\*Fuente: U.S. Department of Agriculture, U.S. Department of Health and Human Services, 1992.

\*La Pirámide Alimenticia es una guía para el adulto promedio.

- Muévase! Camine, corra o juegue con sus niños por lo menos media hora al día.
- Vigile su peso. Escoja alimentos bajos en grasa como frutas frescas, verduras y leche desnatada.
- Tome mucha agua.

Para mayor información, llame al:

o llame al número gratuito 1-800-221-5689



**UNA PEQUEÑA RAZÓN  
PARA AVERIGUAR SI  
PUEDE OBTENER  
CUPONES DE ALIMENTOS?**

## ¿CÓMO PUEDO SABER SI PUEDO OBTENER AYUDA?

### Usted puede obtener ayuda si:

- Tiene bajos ingresos o trabaja por baja paga.
- Tiene o va a obtener un número de seguro social.
- Tiene que hacerse cargo de un menor o una persona mayor, o tiene que pagar por la manutención de un menor.
- Tiene altos gastos de renta, pagos de hipoteca o recibos de agua, teléfono o electricidad.
- Tiene un auto cuyo valor no es muy alto.

## ¿CÓMO PUEDO OBTENER CUPONES DE ALIMENTOS?

• Busque en el "government section" o páginas azules de su guía telefónica, bajo la sección de "social services department" o "welfare department".

• Llame a la oficina de cupones de alimentos para hacer una cita con un empleado. Pregúntele qué documentos tiene, que presentar. El empleado necesitará ver los recibos de su salario, renta, agua, teléfono, electricidad, y las órdenes de pago de manutención de un menor.

• En la oficina de cupones de alimentos podrá responder a algunas preguntas y firmar algunos documentos.

• Si no puede ir a la oficina de cupones de alimentos, puede mandar a un amigo o a un familiar a hablar con el empleado. O también puede llamar por teléfono a la oficina.

## ¿PUEDEN LOS INMIGRANTES LEGALES OBTENER CUPONES DE ALIMENTOS?

Hable con un empleado de la oficina de cupones de alimentos acerca del tema. Si usted no puede obtener cupones de alimentos, miembros de su familia que sean ciudadanos de los Estados Unidos sí podrían. Obtener cupones de alimentos no afecta los trámites para obtener su ciudadanía.

## ¿PUEDO OBTENER AYUDA SI NO ESTOY TRABAJANDO?

• Si es capaz de trabajar, debe buscar empleo, aceptar una oferta de trabajo o capacitarse.

## ¿Y SI SOY MAYOR DE EDAD O TENGO ALGUNA LIMITACIÓN FÍSICA?

• Si tiene más de 60 años de edad o tiene alguna limitación física, no tiene que buscar trabajo. También puede reportar altos pagos de medicinas o servicios médicos que su seguro no cubra.

## ¿SON LOS CUPONES DE ALIMENTOS COMO DINERO EN EFECTIVO?

• No. Los cupones de alimentos no se parecen a los billetes. Sólo puede usarlos para comprar comida. En algunas áreas, los cupones de alimentos

**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)

**I. 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:

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
	• Public or non-profit private schools - No change	\$0	\$0	
Institutional Eligibility				
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

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)	
Cash Assistance	<ul style="list-style-type: none"> <li>Continues to exclude extra-curricular activities</li> </ul>	\$0	\$0	
	<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: <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> <li>Lunch rate - No change</li> <li>Supplement rate - No change</li> <li>Supper rate - No change</li> </ul> </li> </ul>	\$0	\$0	<ul style="list-style-type: none"> <li>Simplification</li> <li>Resources</li> </ul>
	<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)	
	<p>least one of which is a supplement, may be served</p> <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	\$0	<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>	\$0	\$0	<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	
<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 breakfast and summer recreational programs</li> </ul>	\$5.8	\$59	<ul style="list-style-type: none"> <li>• Access</li> <li>• Resources</li> </ul>
<b>Nutrition Education and Promotion</b>	<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> <li>• Establish the school food service systems improvement initiative to continue and expand training and technical assistance and nutrition education efforts</li> </ul>	\$18.7	\$93.7	<ul style="list-style-type: none"> <li>• Nutrition Education and Promotion</li> </ul>
<b>Research</b>	<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>
<b>Participation Effects</b>	<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>
Program Integrity	<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>
	<ul style="list-style-type: none"> <li>Provide FCS with 1/4 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> <li>Allow reimbursement for meals containing breast milk for infants 0-7 months of age in child care settings</li> </ul>	\$10	\$58	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<ul style="list-style-type: none"> <li>Allow private nonprofit organizations operating the summer component to use commercial vendors</li> <li>Raise private nonprofit organization summer site limit to 25</li> <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>	\$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> <li>Raise private nonprofit organization summer site limit to 25</li> <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>	\$0	\$0	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<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> <li>Permit automatic eligibility for free meal benefits in child care for pre-kindergarten Even Start participants</li> <li>Standardize automatic eligibility for</li> </ul>	\$0.3	\$1.5	<ul style="list-style-type: none"> <li>Access</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> <li>Permit automatic eligibility for free meal benefits in child care for pre-kindergarten Even Start participants</li> <li>Standardize automatic eligibility for</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>
	<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> <li>Permit automatic eligibility for free meal benefits in child care for pre-kindergarten Even Start participants</li> <li>Standardize automatic eligibility for</li> </ul>	\$6.6	\$64	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<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> <li>Permit automatic eligibility for free meal benefits in child care for pre-kindergarten Even Start participants</li> <li>Standardize automatic eligibility for</li> </ul>	\$0.1	\$0.5	<ul style="list-style-type: none"> <li>Access</li> </ul>
	<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> <li>Permit automatic eligibility for free meal benefits in child care for pre-kindergarten Even Start participants</li> <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			
Institutional Eligibility	<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> <li>Move Homeless Child Nutrition Programs and SFSP homeless sites to the child care component of CCNP</li> </ul>	\$51	\$400	<ul style="list-style-type: none"> <li>Access</li> </ul>
Nutrition Education and Promotion	<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>	\$1.2	\$6.6	<ul style="list-style-type: none"> <li>Access</li> </ul>
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 the summer component</li> </ul>	\$1.7	\$19	<ul style="list-style-type: none"> <li>Access</li> <li>Resources</li> </ul>
Participation Effects	<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> <li>Community-based anti-hunger groups</li> </ul>	\$ .5	\$2.5	<ul style="list-style-type: none"> <li>Resources</li> </ul>
Institutional Eligibility	<ul style="list-style-type: none"> <li>TEFAP State agencies/local agencies</li> <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> <li>Formula grants to TEFAP State agencies</li> </ul>	\$12.0	\$60	<ul style="list-style-type: none"> <li>Resources</li> </ul>
<b>TOTAL COST</b>		\$20	\$100	

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)	
<b>Human Nutrition Research (ARS)</b>	<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
Hunger-Related Research (CSREES)	<ul style="list-style-type: none"> <li>of neuro-developmental performance.</li> <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>
Hunger-Related Research (ERS)	<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>
Extension Education (CSREES)	<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>
National Nutrition Promotion Strategy for Health (CNPP)	<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>	

**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> <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>	\$10.5	\$54.5	<ul style="list-style-type: none"> <li>Resources</li> <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:**

**1.A SNP Proposal Costs (in millions): \$366.95 (68%)**

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%)

**1.B CCNP Proposal Costs (in millions): \$113.30 (21%)**

Benefits to Participants (in millions): \$93.2 (77%)  
Benefits to Institutions (in millions): \$26.9 (22%)  
Savings for \$ to FCS (in millions): \$6.8

**2. Gleaning/Food Recovery Costs (in millions): \$20.00 (4%)**

**3. Nutrition Research/Education (in millions): \$23.20 (4%)**

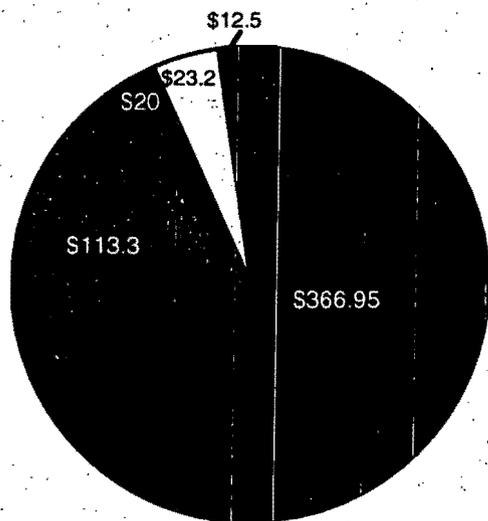
**4. Food Safety/Education (in millions): \$12.50 (2%)**

**TOTAL FY '99 COST (in millions): \$535.95**

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

1

## 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)

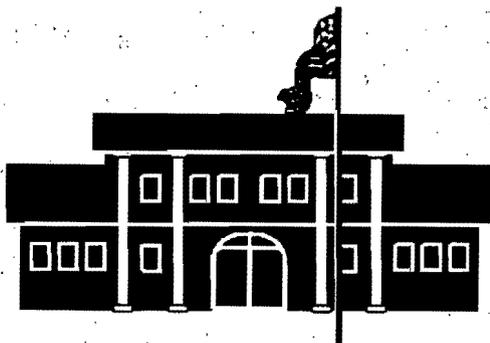
## Current Programs



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## Proposed Programs

**School  
Nutrition  
Program**



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

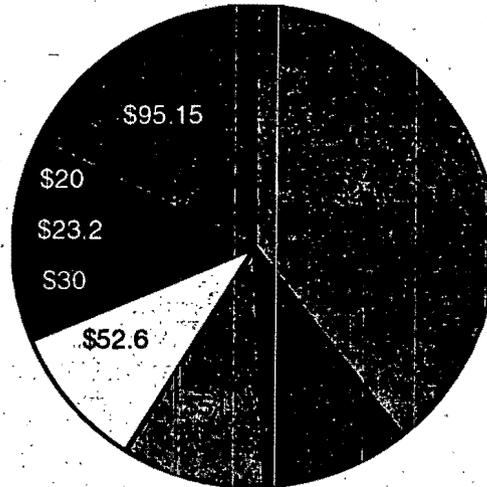
**Community  
Child  
Nutrition  
Program**



**Summer and Child Care**

# Children's Hunger Initiative for Learning and Development (CHILD) 3

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



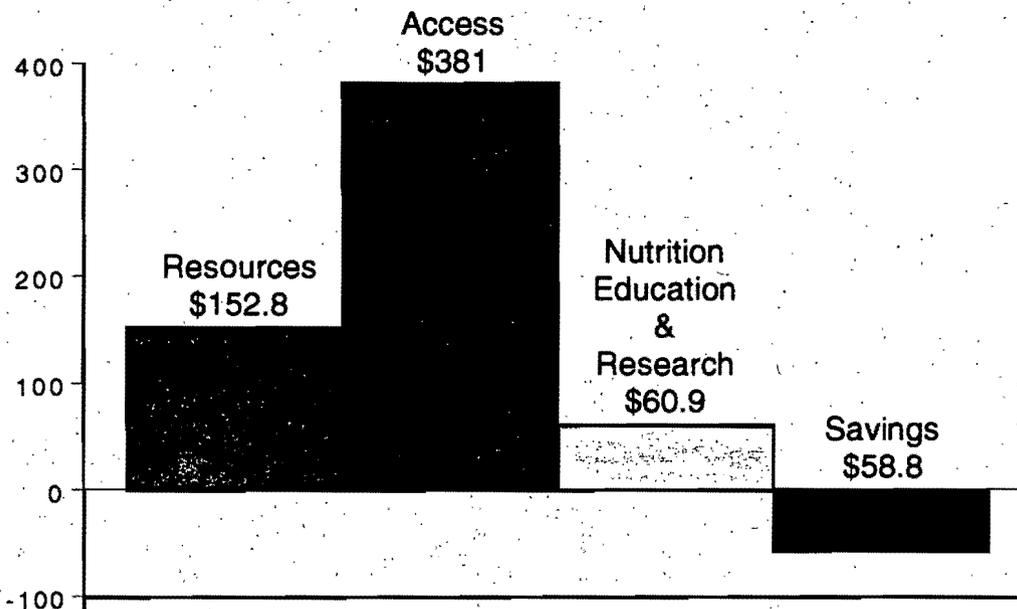
- **FREE BREAKFASTS** for Pre-K through 3rd Grade
- **COMMODITY ENTITLEMENT** (Breakfasts, lunches, suppers)
- **PROPRIETARY CHILD CARE CENTER PARTICIPATION**
- **AFTER SCHOOL PROGRAMS**, including "at-risk"
- **INCREASED SUMMER** operating rates
- **ARS, ERS, CSREES, & CNPP NUTRITION EDUCATION/PROMOTION/RESEARCH**
- **GLEANNING/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)

4

## 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)



# NEWS RELEASE

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## Backgrounder

### USDA'S COMMUNITY FOOD SECURITY INITIATIVE

#### Children and Adults Are Hungry and Food Insecure

Even though the United States is the richest and most powerful Nation in the world, far too many Americans — and particularly, children— are going hungry.

In 1998, about 36 million Americans—including 14 million children—lived in households that suffered either from hunger or food insecurity. About 10 million of these individuals—of whom 3.4 million were children—lived in households that suffered directly from hunger, with family members sometimes going without food because they couldn't afford to obtain it. The remaining 26 million individuals lived in households that suffered from a lesser level of food insecurity, but were frequently only one or two set-backs away (such as losing a job, getting sick, a car breaking down) from going hungry.

Hunger in America defies stereotypes. It cuts across all races, regions of the country, genders, and ages. While it particularly impacts inner cities and isolated rural communities, suburban households also suffer. And while some families go hungry due to unemployment or homelessness, millions of "working poor" families --- who work hard and play by the rules -- are hungry or food insecure because they don't earn enough money to purchase the food they need.

#### USDA Community Food Security Initiative--Forging Partnerships to End Hunger

Neither the federal government nor communities can, on their own, solve the large and complex problem of hunger. That is why Agriculture Secretary Dan Glickman has created the USDA Community Food Security Initiative. Through the Initiative, the Federal government is energetically forging innovative partnerships with nonprofit groups, private businesses, and individual citizens, as well as with state, local, and tribal governments, in order to help communities solve problems of food in security and hunger.

For far too long, many government programs have worked in insolation from communities, likewise, community-led efforts frequently have been disconnected from government resources that can help improve their programs. To redress this problem, the USDA Community Food Security Initiative is helping ensure that all key local stakeholders are working together effectively in a coordinated manner.

Recognizing and emphasizing USDA's partnerships with communities to help feed the hungry is what the USDA Community Food Security Initiative is all about. It's about building upon past successes by helping communities use all the tools at their disposal to comprehensively tackle immediate hunger as well as its root causes. That means USDA employees and partners lending the resources, expertise, and time to help build food-secure communities.

#### Targeting Concrete Goals to End Hunger, Boost Nutrition, and Aid Self-Sufficiency

The new USDA Community Food Security Initiative is helping communities to build their local food systems in order to decrease hunger, improve nutrition, and help families move from poverty to self-

sufficiency. The Initiative will build vital links directly between USDA and nonprofit groups, private businesses, and ordinary citizens, as well as with state, local, and tribal governments—all with one goal in mind: helping communities across America end hunger.

The Initiative is targeting seven concrete goals:

1. Catalyzing or enhancing **local infrastructures** to reduce hunger and food insecurity
2. Increasing **economic and job security** by helping low-income people obtain living wage jobs and attain self-sufficiency
3. Strengthening the **Federal nutrition assistance safety net** by supporting the full and efficient use of programs such as Food Stamps, WIC, school meals, summer feeding, and TEFAP.
4. Bolstering **supplemental food provided by nonprofit groups** by aiding food recovery, gleaning, and food donation programs.
5. Improving community **food production and marketing** by aiding projects that grow, process, and distribute food locally
6. Boosting **education and awareness** by increasing efforts to inform the public about nutrition food safety, and community food security
7. Improving **research, monitoring, and evaluation** efforts to help communities assess and strengthen food security

The Initiative is using four basic methods to achieve those goals:

- **Catalyzing the development of new partnerships** on the local, State, and Federal levels to help communities reduce hunger and food insecurity.
- **Improving the coordination between existing USDA programs**--such as nutrition assistance programs, community food grants, ongoing research, farmers' markets, and food recovery projects--and related Federal, State, and community initiatives.
- **Expanding technical assistance** to States, communities, and nonprofit groups to build long-term local structures to increase food security.
- **Educating the public** by using the "bully pulpit" to increase **public awareness** of the causes of food insecurity and highlight innovative community solutions to hunger.

### National Summit on Community Food Security: *Building Partnerships to End Hunger*

A key component of the USDA Community Food Security Initiative is the National Summit on Community Food Security: *Building Partnerships to End Hunger*, to be held in Chicago, Ill. and at local satellite downlink sites across the country on October 14-15, 1999.

Sponsored by the USDA in conjunction with key nonprofit groups, the Summit will mark World Food Day by mobilizing nonprofit groups, government agencies, and the private sector to make comprehensive commitments to cut American hunger and food insecurity in half by the year 2015. To reach the goal, the Summit will:

1. Generate commitments to fight hunger and strengthen local food systems;
2. Highlight best practices that are already working to bolster food security;
3. Develop new innovative partnerships; and
4. Increase national awareness of the problems of--and solutions to--food insecurity and hunger.

No one solution will work for all communities. Some will start and expand farmers' markets and communities gardens. Others will focus on expanding participation in the Federal school breakfast and after-school snacks programs. Still others will pioneer new and effective ways to combine job training and small business development with food-related enterprises. And it will be the job of all of us to help them whenever -- and however -- we can.

## Team Nutrition Policy Statement

### Goal

Team Nutrition's goal is to improve children's lifelong eating and physical activity habits by using the principles of the Dietary Guidelines for Americans and the Food Guide Pyramid.

### The Issue: Challenges and Opportunities

Recent studies show that only 1 percent of all children have eating patterns consistent with dietary recommendations.<sup>1</sup> Forty-five percent of America's elementary school children eat less than one serving of fruit and 20 percent eat less than one serving of vegetables on any given day and more than one-half do not meet the recommended number of servings of grains. Only 18 percent of girls ages 9 to 19 meet their calcium requirement, yet milk consumption continues to decline, while the consumption of soft drinks, fruit drinks and fruit-ades increases.<sup>2</sup> Most U.S. children (about two-thirds) eat more fat than is recommended.<sup>3</sup> In addition, a National Center for Health Statistics study showed that 4.7 million U.S. youths ages 6-17 are overweight.<sup>4</sup> These factors contribute to the incidence of heart disease, stroke, diabetes and other diet-related diseases. They have implications for education, for future health care costs, and for quality of life.

The Department of Agriculture's (USDA) Child Nutrition Programs can be effective vehicles for addressing these problems. The National School Lunch Program (NSLP) and School Breakfast Program (SBP) are available to all schools. As of March 1999, 96,597 schools provide the NSLP and 71,146 schools provide the SBP. Approximately 57 percent of students attending school choose to eat lunches and 21 percent choose breakfasts for which national nutrition standards have been established. Nutritious snacks are now available through the NSLP for students in school-sponsored after school programs and the Summer Food Service Program is available to provide nutritious meals when school is not session. Children in child care centers and homes have access to meals and snacks through the Child and Adult Care Food Program (CACFP). The Nutrition Education and Training (NET) Program is authorized at 50 cents per enrolled child to provide state agency grants to coordinate child nutrition programs with nutrition education activities in schools and child care institutions, food service management training of school food

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<sup>1</sup> Kathryn A. Munoz, Ph.D., MPH; Susan M. Krebs-Smith, Ph.D., MPH, RD; Rachel Ballard-Barbash, M.D., MPH; and Linda E. Cleveland, MS, RD, "Food Intakes of U.S. Children and Adolescents Compared With Recommendations," *Pediatrics*, Vol. 100, No. 3, September 1997, p. 323.

<sup>2</sup> National Health and Nutrition Examination Survey (NHANES) 1988-1994, U.S. Department of Health and Human Services.

<sup>3</sup> Continuing Survey of Food Intakes by Individuals (CSFII) 1994 - 1996, U.S. Department of Agriculture, ARS.

<sup>4</sup> Richard Troiano, Ph.D., RD, "Overweight Prevalence and Trends for Children and Adolescents," *Archives of Pediatrics and Adolescent Medicine*, Vol. 149, October 1995, pp. 1085-1091.

service personnel and nutrition training for teachers and food service personnel. The NET program has not been funded at that level since 1979 and has no appropriation for fiscal year 1999.

A 1993 USDA study showed that meals served in the Nation's schools generally met the school nutrition programs' historic RDA requirements for calories and key nutrients.<sup>5</sup> However, the meals did not meet additional, more current nutrition standards, as reflected in the Dietary Guidelines. Special concern was focused on the fat and saturated fat content of school meals. Subsequently the school meal requirements were changed to include the more current nutrition standards. A 1997 USDA study found that meals served in the CACFP also needed improvement to be consistent with recommendations.<sup>6</sup> The meal standards themselves did not need to be revised but additional technical support, similar to that provided to schools, needed to be made available to CACFP.

### **The Response: Team Nutrition**

In order to address these issues, the Food and Nutrition Service (FNS) developed Team Nutrition, an integrated, behavior-based, comprehensive plan for promoting the nutritional health of the Nation's school children. The policy foundation for Team Nutrition was the School Meals Initiative for Healthy Children regulation that updated the nutrition standards for school meals and recognized the importance of training and technical assistance for school food service professionals and nutrition education for students.

Team Nutrition develops messages and materials that can be used consistently throughout the country. It promotes support and training at the State and local levels through infrastructures developed by the NET Program as well as new Team Nutrition partnerships.

### **Strategies**

Team Nutrition is implemented through three behavior-oriented strategies:

- 1) providing training and technical assistance for Child Nutrition food service professionals to help them serve meals that look good, taste good and meet nutrition standards;
- 2) providing multifaceted, integrated nutrition education for children and their parents. This education will build skills and motivation for children to make healthy food and physical activity choices as part of a healthy lifestyle; and
- 3) providing support for healthy eating and physical activity by involving school administrators and other school and community partners.

Six communication channels are utilized. These include: 1) food service initiatives, 2) classroom activities, 3) school-wide events, 4) home activities, 5) community programs and events, and 6) media events and coverage. These channels offer a comprehensive network for delivering consistent nutrition messages to children and their caretakers which will educate them about the importance of healthy eating and reinforce the messages through a variety of sources.

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<sup>5</sup> John Burghardt and Barbara Devaney, "The School Nutrition Dietary Assessment Study," U.S. Department of Agriculture, FNS, October 1993.

<sup>6</sup> Frederic B. Glanz; David T. Rodda; Mary Jo Cutler; William Rhodes; and Marian Wrobel; "Early Childhood and Child Care Study: Profile of Participants in the CACFP," U.S. Department of Agriculture, FCS, July 1997.

- **Training and Technical Assistance**

Team Nutrition's training and technical assistance focuses on four behavior outcomes for school and child care food service professionals:

- ◆ Planning and preparing healthy meals that appeal to ethnic and cultural taste preferences in all Child Nutrition Programs;
- ◆ Linking meals programs to other educational activities, such as learning in the classroom and developmental progress in child care;
- ◆ Providing nutrition expertise and awareness to the school or child care community; and
- ◆ Using sound business practices to assure the continued availability of healthy meals and the financial viability and accountability of school meal programs.

- **Nutrition Education**

Team Nutrition promotes comprehensive, behavior-based, nutrition education to enable children to make healthy eating and physical activity choices. Social cognitive theory is the foundation of efforts to help children understand how eating and physical activity affect the way they grow, learn, play, and feel today as well as the relationship of their choices to lifelong health. These efforts are designed to increase their understanding that healthy eating and physical activity are fun and that skills developed today will assist them in enjoying healthy eating and physical activity in later years.

Because studies show that eating habits established early in life tend to persist into adulthood, Team Nutrition focuses primarily, though not exclusively, on children in preschool, elementary, and middle school grades. All Team Nutrition messages are based on the Dietary Guidelines for Americans and the Food Guide Pyramid. Team Nutrition's nutrition education focuses on four behavior outcomes for children:

- ◆ Eat a variety of foods;
- ◆ Eat more fruits, vegetables and grains;
- ◆ Eat lower fat foods more often; and
- ◆ Be physically active.

Historically, Team Nutrition focused on the first three behavior outcomes. The fourth behavior outcome, "Be physically active," was added when the 1995 Dietary Guidelines included the importance of physical activity to diet and overall health. To reflect this addition, the theme for all program materials will now be, "Making food and physical activity choices for a healthy lifestyle."

Nutrition education messages are delivered through Team Nutrition's six reinforcing communication channels, targeting children, as well as the adults who care for them and can influence their behavior. Children are reached where they live, learn, and play--using words and style they understand, through media they see and hear every day. Hands-on activities are often used to build skills and motivation. Influential adults in this process include parents, teachers, coaches, health professionals, leaders of children's organizations, and other prominent members of the community.

- **School and Community Support**

School and community leadership that supports healthy eating and physical activity is necessary for success. Team Nutrition efforts in this area focus on agencies and organizations that actively support Team Nutrition goals and on decision makers within school systems such as school administrators, principals, teachers and boards of education. Persons in these positions can provide support for Team Nutrition activities and help create a healthy school environment. They often make decisions that have significant effects on Team Nutrition's goal to improve children's eating and physical activity habits.

School and community support for healthy eating and physical activity focuses on three behavior outcomes for school and community leaders:

- ◆ Adopting and implementing school policies that promote healthy eating and physical activity;
- ◆ Providing school resources adequate to achieve success; and
- ◆ Fostering school and community environments that support healthy eating and physical activity.

Decisions that have an impact on this support include curriculum choices, in-service training, dining room facilities, meal schedules and supervision, financial management and availability of vending machines, snack bars, etc. Team Nutrition messages are delivered through the provision of healthy food choices to allow students to use the knowledge they have gained in the classroom to practice healthy behaviors in the dining room; classroom education to teach nutrition concepts; school-wide events to make food, nutrition and physical activity fun; home activities to reinforce what children learn at school; community programs and events initiated by the schools and community partners to expand the reach of Team Nutrition messages; and local media coverage of nutrition events to enhance community support.

## Strategic Approaches

Team Nutrition uses a multi-faceted approach. Some of the strategies are traditional, such as developing and distributing nutrition education materials. Others expand the traditional role of the dining room by encouraging links with the classroom to provide opportunities for social interaction and adult and peer modeling of positive eating behaviors. Still others uniquely apply more innovative techniques to the Child Nutrition Programs; these include developing public/private partnerships and employing social marketing methods.

### • **The Dining Room As a Learning Center**

Team Nutrition assists food service professionals in providing a link between the dining room and the classroom curriculum and other learning activities. Team Nutrition also provides teachers with tools that integrate the theme "making food and physical activity choices for a healthy lifestyle," into children's every day learning activities. In addition, Team Nutrition promotes the dining room as a learning laboratory where children can practice and enjoy making nutritious food choices, learn important social interactions, and see practical food-related applications of classroom learning, such as measurement (e.g., liquid and solid measures), geography (e.g., agricultural and cultural differences), and science (e.g., energy intake and expenditure).

### • **Public/Private Partnerships**

Team Nutrition uses an extensive, nationwide network of public and private organizations in developing and disseminating products, including private sector companies, nonprofit organizations, and advocacy groups. The purpose of these relationships is to leverage resources, expand the reach of messages, and build a broad base of support. Team Nutrition builds the following relationships:

- ◆ Team Nutrition partners on a limited, strategic basis, with targeted national organizations to develop and disseminate nutrition messages.
- ◆ Team Nutrition engages in broad-based, consistent, continual relationships with other Federal entities (e.g., Extension Service, Department of Education, Centers for Disease Control and Prevention) to promote Comprehensive School Health issues, school self assessments and social marketing strategies.
- ◆ Team Nutrition works with state and local entities that operate Child Nutrition Programs and coalitions with related interests or goals to facilitate activities at the local level.

### • **Social Marketing**

Social marketing adapts commercial marketing techniques to public initiatives, like Team Nutrition, with the goals of changing behavior to improve individual well being, and creating a social climate that encourages and welcomes changes. This strategy requires understanding the circumstances and needs of all segments of the target audience to determine the most effective messages and communication channels for each segment. Because people change, programs that employ social marketing are dynamic and

continually evolving. In addition to delivering its messages through traditional education resources, Team Nutrition uses the media and computer technology to communicate consistent positive messages and themes as widely as possible to its target populations in order to increase its effectiveness.

### **Roles and Responsibilities**

Team Nutrition success depends on effective partnerships among federal, state and local agencies that administer child nutrition programs. Team Nutrition schools are the focal point for this initiative; however the following roles and responsibilities at each level are critical.

#### **Food and Nutrition Service (FNS), USDA**

- Establish policy
- Develop materials that meet needs identified by FNS and its state and local partners
- Disseminate materials in ways that meet state and local needs
- Develop partnerships with other Federal agencies and national organizations
- Promote Team Nutrition's messages through the national media

#### **State Agencies**

- Make recommendations to FNS regarding TN materials and dissemination methods
- Provide training and technical assistance to strengthen current Team Nutrition Schools
- Recruit new Team Nutrition schools
- Develop partnerships with other state agencies and organizations
- Promote Team Nutrition messages through the state media

#### **School Districts and other School Food Authorities**

- Recruit Team Nutrition Schools
- Receive Team Nutrition materials from FNS, distribute to schools and provide training for their use
- Develop partnerships with other school district departments and community organizations
- Coordinate Team Nutrition activities among schools – especially community events
- Provide support as needed by Team Nutrition Schools

#### **Schools**

- Offer a variety of healthy menu choices
- Provide behavior-based nutrition education in pre-K through grade 12
- Establish policy and provide resources that ensures a school environment supportive of healthy eating and physical activity
- Involve parents and the community in Team Nutrition activities that reinforce Team Nutrition messages
- Establish partnerships among teachers, food service staff, school administrators, parents, community leaders and the media

### **Future Course of Action**

With an annual budget of approximately \$10 million, Team Nutrition will be guided by the following themes in selecting the activities to pursue.

- Team Nutrition will continue to focus on the school meal programs, Child and Adult Care Food Program and the Summer Food Service Program. In addition, Team Nutrition will coordinate with other FNS nutrition education programs such as the Special Supplemental Nutrition Program for Women, Infants and Children and the Food Stamp Program to reach children and parents through multiple community channels with uniform and reinforcing messages.
- Team Nutrition began its efforts by inviting schools to volunteer to be "Team Nutrition Schools." These schools made a commitment to take the lead in making nutritional changes, conducting nutrition education activities and events, and using innovative new materials from FNS. Team Nutrition will continue to enroll schools, support the continued active participation of current Team Nutrition Schools and expand the use of Team Nutrition materials. Emphasis will be placed on working through State agencies to recruit Team Nutrition Schools as well as develop training support systems necessary for local implementation.
- Team Nutrition will focus on using the six communication channels in implementing Team Nutrition activities in schools and communities. Evaluation of the Team Nutrition pilot communities showed that working through multiple channels, (1. food service initiatives; 2. classroom activities; 3. school-wide events; 4. home activities; 5. community programs and events; and 6. media events and coverage), contributed to increased success.
- Team Nutrition will put a greater emphasis on developing activities and materials that are sensitive to diversity — literacy level, language, culture, income level, and time availability — of the families whose children participate in the Child Nutrition Programs.
- Team Nutrition will focus on identifying and cultivating Partners and Supporters, including nutrition, health, education, entertainment, and industry groups, that will promote Team Nutrition messages within schools and communities. Partners will play a large role on a national level to help get the message out to target audiences. Supporters will be identified at the national, State or local level and will help promote Team Nutrition in a variety of ways at either the national, State or local level.

### Current Products and Activities

Team Nutrition has produced a variety of products and promoted a number of activities. A list and description can be found on the Team Nutrition Home Page, Resource Section. The Home Page can be accessed at:

<http://www.fns.usda.gov/tn>

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# **FOOD DISTRIBUTION 2000**

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*TRANSFORMING FOOD DISTRIBUTION FOR THE  
NEXT MILLENIUM*



**USDA PROPOSAL FOR CHANGE**

*February 14, 2000*

# Summary of USDA's Proposal for Change

## Section I: Problems in the Commodity Program

The problems and concerns identified by the reinvention effort are:

- Commodities come in a form that is difficult for some schools to use
- Uneven flow or bunching of commodities
- Unpredictable delivery of commodities
- Increasing cost of the final product
- Fewer bids from industry
- Decreasing ability to provide market support for commodities with limited demand
- Lack of information in food recall situations
- Products on hold remain in schools too long
- Reimbursement for recalls is uncertain and lengthy
- Inadequate communication system
- Excessive paperwork and documentation
- Resource constraints at all levels

## Section II: Improvements to the Commodity Program

USDA plans to take the following actions to improve the commodity program:

### Procurement and Specifications

1. Expand the use of long-term contracts
2. Test best-value contracting
3. Update product specifications
4. Allow vendors to use commercial labels

### Commodity Processing

5. Move toward national umbrella contracts with processors
6. Expand full substitutability of commodity product
7. Work with States to test the seamless commodity distribution concept
8. Facilitate the processing of commodities with limited demand

### Commodity Holds and Recalls

9. Develop written hold and recall procedures
10. Reduce the duration of product holds at the school level
11. Publish commodity recall reimbursement procedures

### Communication / Pilots / Other Improvements

12. Provide computer connectivity to the school level
13. Provide a single USDA point of contact
14. Work with States and partners to pilot-test improvements
15. Other Improvements: Facilitate use of 4/11 funds; encourage cooperatives; and relax truckload requirements
16. Streamline paperwork and reporting requirements

## Section III: Chart -- Relationship between Problems and Solutions

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## Introduction and Background

The commodity program in schools has two primary objectives. One is to assist U.S. agricultural producers by buying products under price-support and surplus-removal programs. The other is to support the school lunch program by providing nutritious, high-quality food to school children. These two objectives should be met in an effective and efficient manner so that as much money as possible is used to purchase food and as little as possible is wasted or spent on nonvalue added activities. Each dollar that goes for unnecessary storage or other nonvalue added costs -- and each dollar that goes for food that kids won't eat -- is a dollar wasted.

Over the years, the commodity program has grown and has been improved. However, these improvements have not kept up with changes in the food industry, in schools, in technology, and in consumer preferences. In September 1998, the Commodity Improvement Council (CIC), made up of four USDA Under Secretaries, called a meeting to learn more about problems and challenges facing the commodity program. The CIC heard presentations by the Presidents of the American School Food Service Association and the American Commodity Distribution Association, and reviewed letters and other material that had been received.

As a result of this meeting, the CIC launched the largest reinvention effort ever initiated for commodity programs and perhaps the largest ever done in the Department. The effort was called *Food Distribution 2000* and involved staff from four USDA agencies, schools, State agencies, and industry. Reinvention teams made up of representatives from many of these groups met over several months to develop recommendations. The teams reported through a Senior Oversight Committee made up of senior USDA managers. The teams presented their final recommendations to USDA in August 1999. This report is based on those recommendations as well as other suggestions received by the Department through e-mail, by letter, or in person.

This report has three sections. Section I describes the problems identified by the various constituencies involved in the program. Section II describes the proposed solutions. Section III presents a chart illustrating the relationship between the various problems and the solutions.

## Section I

# Problems in the Commodity Program

The following is a summary of the problems and concerns identified by the reinvention effort:

- Commodities come in a form that is difficult for some schools to use
  - Uneven flow or bunching of commodities
  - Unpredictable delivery of commodities
  - Increasing cost of the final product
  - Fewer bids from industry
  - Decreasing ability to provide market support for commodities with limited demand
  - Lack of information in food recall situations
  - Products on hold remain in schools too long
  - Reimbursement for recalls is uncertain and lengthy
  - Inadequate communication system
  - Excessive paperwork and documentation
  - Resource constraints at all levels
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- **Commodities come in a form that is difficult for some schools to use**

Commodities sometimes come in a form that is not suitable for some students, school kitchen staff, or processors. For instance, many schools are short on trained staff and need products that require minimal preparation, but commodities are purchased in a less processed form and often require substantial staff preparation. Students' tastes have also changed over the years and many now prefer more processed products. These problems are made more difficult when the Department buys less popular commodities. Also, processors sometimes get commodities in a form that is different from their usual commercial product and, therefore, charge more to process the items. The opposite is also true. Some schools prefer to cook from scratch or have a certain number of staff they must keep employed and don't want a processed product.

- **Uneven flow or bunching of commodities**

Schools don't always get the right quantity of product when they need it. Schools would usually like product delivered in equal amounts throughout the school year. Many agricultural markets, on the other hand, need support at a specific time of the year. For example, ranchers pasture cattle in the summer and want to sell them in the fall so they don't have to buy feed through the winter. This is one reason schools get large quantities of beef in a short period of time and must store it over many months. This storage results in extra costs and a gradual decline in product quality. In addition, many commercial

storage and transportation companies are not prepared to handle product that comes in large quantities rather than smaller, equally spaced deliveries.

- **Unpredictable delivery of commodities**

In many areas commodity delivery is unpredictable. Commodity deliveries to States and schools are supposed to be made in a 2-week window but are sometimes late. Commercial distributors, on the other hand, are normally able to pinpoint deliveries to a specific day. Some States supply anticipated commodity delivery date information to their schools. Often, these schools use this anticipated delivery information to plan their menus. If the commodity product does not arrive as anticipated, schools are forced to purchase the product commercially. Then, when the commodity product does arrive, it must be stored until the product is placed on the menu again. Other States, in order to provide more predictable deliveries to schools, wait until commodity product is delivered to notify schools of its availability. This makes unpredictable deliveries transparent to schools, but often results in longer inventory storage times and thus extra costs and product deterioration.

- **Increasing cost of the final product**

Although commodities are provided "free" from USDA, there are many costs involved for the recipients. Most States levy a per-case or a per-pound charge to cover transportation and storage costs and sometimes State salaries and expenses. (Some States do not charge their schools because the State has provided money to cover these costs.) These charges have been increasing to the point that, in some cases, schools can buy products less expensively commercially. For example, if flour is ordered and a school pays a high per-case charge, it could be less expensive for the school to purchase flour directly from its commercial distributor.

- **Fewer bids from industry**

An increasing number of States are having trouble getting an adequate number of bidders for the storage, delivery and processing of commodities. In addition, a number of schools are getting fewer bids for their commercial food purchases. In some cases USDA is also getting fewer bids from commodity suppliers. Reasons for this include changes in the food industry such as an emphasis on just-in-time delivery versus long time storage, relatively low-volume deliveries to schools, the move toward long term supplier/customer relationships, cumbersome State and Federal contracting methods, outdated or difficult specifications, and industry consolidation. This shrinking competition results in higher costs and could eventually result in no service at all.

- **Decreasing ability to provide market support for commodities with limited demand**

Several trends have led to concern over USDA's ability to continue to provide market support for less popular commodities, i.e., continue to purchase and find recipients willing to accept these products. These trends include schools asking for more say in the products they receive; the changing tastes of school kids, an increase in kids' ability to go somewhere else for lunch, and a trend away from extensive local preparation.

- **Lack of information in food holds or recalls**

When USDA puts a commodity product on "hold" for possible food safety problems, there is often a delay in information flowing to schools that tells them what the problem is and how serious it may be. School and State staffs receive calls from concerned parents and others and have little information to share. This leads to decreasing confidence in commodities and damages relationships up and down the entire chain of partners.

- **Products on hold remain in schools too long**

When products are put on hold in schools by USDA, they often remain in storage for long periods of time -- sometimes for weeks or even months. This increases the chance that the commodities may be mistakenly served and thus could endanger school children. Holds also cause significant storage problems for schools, particularly where the products are refrigerated or frozen.

- **Reimbursement for recalls is uncertain and lengthy**

When a hold or recall takes place, the schools and States often don't know what costs, if any, will be reimbursed and when they can expect to receive the funds. For instance, a school might be paying for commercial storage of a product on hold yet will have no idea when, how much, or even if it will be reimbursed for these costs. This results in major cash flow and budgeting problems for schools. In some cases, reimbursement is not received for months or even until the following budget year.

- **Inadequate communications system**

Currently there is no consistent, effective way to quickly communicate with those at the school level. The ordering process is cumbersome with schools often unaware of the full range of products that are available. In those instances where USDA or a State knows a delivery is delayed, there is no effective way to communicate this information to thousands of school districts. Equally important, when there is a food safety problem, there is no

quick way to provide immediate and critical information to schools. In addition, USDA has vast amounts of information on products and prices that could be valuable to schools when making their commercial purchases. There is not currently an efficient system to share this information with those who need it.

- **Excessive paperwork and documentation**

Extensive paperwork and control procedures are required of schools, States, industry, and processors in some areas of the commodity program. Ordering procedures, the processing program, and recall reimbursement are pointed to as areas where there are excessive controls and paperwork. Not all of the paperwork is a result of Federal requirements; some is due to State requirements which vary widely across the country.

- **Resource constraints at all levels**

Generally speaking, schools, States, and Federal agencies are experiencing increasing pressure to do more with fewer resources. Most have fewer staff than they did several years ago. In many cases, technology has not been incorporated to the extent it could be and business is being done essentially as it was many years ago. As a consequence, there are responsibilities for each group that are not being fulfilled. There is continuous pressure to become more efficient and effective.

## **Section II**

# **Improvements to the Commodity Program**

Solving the problems in the commodity program will require implementing a number of improvements. In developing these improvements, USDA has taken into consideration the needs of agricultural producers and school children, the two primary customer groups, as well as the needs of other partners. USDA will take the following actions to improve the commodity program:

### **Procurement and Specifications**

1. Expand the use of long-term contracts
2. Test best-value contracting
3. Update product specifications
4. Allow vendors to use commercial labels

### **Commodity Processing**

5. Move toward national umbrella contracts with processors
6. Expand full substitutability of commodity product
7. Work with States to test the seamless commodity distribution concept
8. Facilitate the processing of commodities with limited demand

### **Commodity Holds and Recalls**

9. Develop written hold and recall procedures
10. Reduce the duration of product holds at the school level
11. Publish commodity recall reimbursement procedures

### **Communication / Pilots / Other Improvements**

12. Provide computer connectivity to the school level
13. Provide a single USDA point of contact
14. Work with States and partners to pilot-test improvements
15. Other Improvements: Facilitate use of 4/11 funds; encourage cooperatives; and relax truckload requirements
16. Streamline paperwork and reporting requirements

### **Procurement and Specifications**

#### **1. Expand the use of long-term contracts**

Long-term contracts are defined as those that run the length of the school year. Currently, USDA uses long-term contracts for 25 commodities. The remaining 171 commodities are purchased weekly, biweekly, monthly or quarterly. Of these 171 commodities, many are fruit and vegetable products which are purchased once a year for delivery over several months.

There are several substantial benefits to long-term contracts. One is that USDA is more likely to be considered a preferred customer versus a "fill-in" customer. This can result in fewer order cancellations and more predictable deliveries. USDA's long-term contracts for cheese have resulted in fewer unfilled orders and lower prices. Long-term contracts align the program's purchasing system more closely with that in private industry. Many companies plan their production and inventory at least a year ahead so they can better manage their costs and reduce nonvalue-added costs. Depending on how long-term contracts are implemented, USDA could buy certain products when the market needs support, but have vendors deliver them when needed by the customer. This would essentially transfer much of the storage problem to vendors who are more suited to handle it. For some products, long-term contracts that anticipate historical surplus periods would let recipients know in advance when they will receive larger volumes.

Long-term contracts may not be suited for all commodity products. Particular industries may prefer short-term commitments; or USDA may not be able to develop an acceptable procedure for pricing over a long time period. Moreover, long-term contracts may be especially beneficial if implemented with an internet-based ordering system. USDA supports small and minority businesses through set-aside programs. Consideration of these programs' needs to continue as part of the contracting process.

USDA has already implemented long-term contracts for many cheese items. It will test the use of long-term contracts in other product areas, review the results, and adopt them where they work well. Tests will be performed beginning in School Year 2000/2001.

## **2. Test best-value contracting**

Best-value contracting means that low bid is not the only criterion taken into account when awarding a commodity contract. The following areas could also be considered in the evaluation: percentage of on-time deliveries, percentage of completed shipments, willingness to replace product and resolve complaints, adherence to specifications, and effectiveness of quality assurance and food safety systems. A best-value system would take these other critically important factors into account in awarding bids, and provide an incentive for companies to go "the extra mile" in customer service.

Best-value contracting, long-term contracting, and commercial packaging make vendors more responsible for product liability and food safety concerns. A long-term relationship is built with vendors, making it a worthwhile investment for them to provide quality products and service. The current low-bid award process provides little incentive for a company to perform beyond a minimally acceptable level. Even if it excels in performance, it can lose the next bid by a quarter of a cent per pound. Note that because of the complexity added to the award process, best-value contracting is better suited for longer-term contracting.

USDA will test the effectiveness of best-value contract awards in all commodity areas in School Year 2000/2001.

### **3. Update product specifications**

Over the years, there have been changes in commercial product formulation, pack size, packaging materials, and other items that may not be reflected in current USDA specifications. Bringing USDA products in line with commercial product specifications will make it less likely that production plants will need special production runs and special packaging materials in order to produce USDA commodities. This should lower costs, reduce delivery and production delays, and open the business to more competition.

USDA has had numerous inquiries concerning light and heavy syrup in canned fruit and concerning the fat content in beef. After a careful review, USDA has decided to continue purchasing light syrup, but may purchase fruit of another specification when it determines light syrup is not available or may delay a purchase. This change will reduce many of the delays that have been associated with these products in the past. USDA will continue to provide beef with its present fat content for products that go to schools without further processing. Also, USDA will provide additional options to schools that order products for processing. This increased flexibility will allow schools to meet dietary guidelines, serve a desirable product and reflect commercial practices. USDA will implement these changes as soon as possible.

In addition to the above changes, USDA will convene a series of meetings with industry groups to examine each commodity specification and make necessary changes. This process will begin by August 30, 2000.

### **4. Allow vendors to use commercial labels**

USDA now allows commercial labels on a limited number of products. A number of schools have said that, even though the commodity items are of high quality, the generic labels imply a lower quality. Commercial labels will help address this issue. In addition, the use of commercial labels should reduce delivery delays, increase competition, and reduce program costs.

Companies will continue to have the option of using USDA labels. USDA will work with States to revise current inventory and record keeping requirements at the school level since it may now be difficult for schools to distinguish between a commodity and a commercially purchased item. Also, the issue of competitor labeled products in the distribution system will have to be addressed. Implementation will occur in School Year 2000/2001.

## **Commodity Processing**

### **5. Move toward national umbrella contracts with processors**

Currently, some schools cannot get processed products. Although States would continue to be free to enter into contracts with processors of their choice, national agreements would allow a wider and easier access to commodity processing.

Under this change, processors would apply to USDA rather than to numerous State agencies for approval. Processors now have to sign contracts with each State they do business in, i.e., if they do business in 15 States, they have 15 contracts. National contracts, that include end product data schedules and other pertinent information, would save countless hours of State and processing company staff time.

USDA will pilot national umbrella contracts on a limited basis in School Year 2000/2001 to attempt to resolve legal issues, resource requirements, and other implementation challenges. If successful, it will be expanded in School Year 2001/2002.

### **6. Expand full substitutability of commodity product**

Generally, substitution means that a processor can use commercial and commodity product interchangeably. The substituted product must be equal to or better than the product purchased with Government specifications. USDA regulations currently allow substitution on 25 different commodity products, and substitution with permission on another 40 products. A pilot program currently permits substitution of meat and poultry on a limited basis.

Substitution is advantageous for schools because it alleviates problems associated with late deliveries and bunching of commodity deliveries. In the purest form of processing, schools could order product from a company's commercial inventory as they needed it, and the company would simply integrate the commodity into its commercial production when it arrived. Large shipments of commodities would be processed by companies into product for commercial accounts. The commodities would no longer have to be stored by the company until they could be processed, and schools would be less likely to receive large quantities of finished processed product from the processor all at once.

Substitution also has advantages for industry. Currently, many companies have to disrupt their commercial processing systems in order to segregate production runs for commodities. This adds cost. In addition, they have little control over scheduling and product flow because they do not know when commodity product will be delivered. Some companies have chosen not to participate in the commodity program because of these problems.

Because of the potential benefits for school customers, USDA will expand approval of substitution for all commodities beginning in School Year 2000/2001. In some cases, this would be limited to pilot projects to allow further assessment of a number of issues, e.g., grading, accountability, and liability.

#### **7. Work with states to test the seamless commodity distribution concept**

The seamless concept involves schools ordering and receiving commodities from the same entities they now get their commercial products from -- normally distributors. USDA would purchase commodities as it does now, and deliver them to companies designated by a school district. The ordering and delivery of products by schools would be "seamless" regardless of whether it is a commodity product or commercial product.

This concept allows increased volume for distributors and could result in an increased number of bidders and lower costs. The concept also allows schools to consistently get the same product. It can also reduce costs by lessening paperwork.

USDA will work closely with States interested in piloting this approach.

#### **8. Facilitate the processing of commodities with limited demand**

USDA provides market support for various commodities when it determines they need support. Some products are less popular with schools. In the more demand-driven system that is being proposed, this could result in inadequate purchase support. USDA will take several actions to ensure it can adequately support these markets and still serve school customers.

First, it will more aggressively explore low-cost processing of the product into more appealing forms to be paid for by USDA. An example of this is USDA's current testing of a trail mix containing several products. Second, USDA will test the feasibility of contracting with processors for finished items that can be offered to schools for the cost of processing. For example, if USDA decided it needed to provide market support (a bonus buy) for a fruit product, it would enter into an open-ended contract with a processor to make the product into a turnover before asking schools for orders. States and schools would have the option of ordering either raw product or finished product at processing cost. Third, USDA will provide information on potential processing companies to increase State and school knowledge of all the options available to them.

USDA will strive to pilot this concept in School Year 2000/2001.

## **Commodity Holds and Recalls**

### **9. Develop written hold and recall procedures**

USDA will establish written procedures and timeframes for any commodity hold or recall that is the result of a safety concern. The procedures will specify that the Under Secretary for Food Safety will be responsible for commodity food safety decisions and will identify one internal point of contact for commodity issues. USDA will issue written procedures on product holds and recalls, including a plan for communication of food safety decisions, and will name an internal point of contact by June 30, 2000.

### **10. Reduce the duration of product holds at the school level**

When a product is placed on hold pending a food safety decision, schools will be told within 10 days of the hold whether to release it for use or move the product to a safe storage location. In most cases, product that is determined to represent a health hazard will be removed from the school within 10 days. If a decision cannot be made within the 10-day time frame, USDA will extend the hold or direct that the product be removed to a safe location. Implementation will take place by June 30, 2000.

### **11. Publish commodity recall reimbursement procedures**

USDA will publish recall reimbursement procedures that will specify which costs are eligible for reimbursement, what records are required, how one applies, and what reimbursement timeframes are anticipated. The timing of reimbursements will no longer be dependent on establishing vendor liability. USDA will issue reimbursement guidance by June 30, 2000.

## **Communication / Pilots / Other Improvements**

### **12. Provide computer connectivity to the school district level**

USDA will develop a computer system that will allow information to flow to and from schools, States, and industry partners. Computer technology and the development of the Internet make it relatively simple to connect to the school district level. USDA will develop this system in partnership with State and school representatives, as well as other partners, and make it available to States. Some States already have or are developing such a system on their own. A State will have the option of paying for and developing its own system, or accepting the jointly developed USDA system at no cost. A State developing a system on its own will need to ensure that it provides connectivity to the school level, can import and export data in a specified format to the primary system and meets other standardized requirements such as offering the full range of available commodities.

Although development will start this year, actual full-scale implementation is likely to be several years away. It is expected that most schools will have computers in their lunch operations by that time. In the case of schools that do not have a computer available, the State may collect data manually and enter it at the State level, contract with an outside entity to collect the data, or set up a central school site that could collect and enter manual submissions.

Schools will be able to order quantities and items they need (within the product and quantity limits offered), and obtain status of purchases and delivery information from the system whenever they want. States will continue to oversee the process. Industry partners will have access to information that will allow them to better plan their production and delivery schedules. Perhaps of equal importance, schools can be notified and updated immediately of food safety problems (every hour can make a difference in a food safety situation). Finally, this system will allow access to the vast amounts of information that USDA has available on market trends and products. This information can be of invaluable help to schools in making commercial purchasing decisions.

The system will be developed by a team of USDA, State, and school representatives. Design will start before September 30, 2000.

### **13. Provide a single USDA point of contact**

USDA will form a task force to develop a technology-driven information contact system so partners or customers will have a single point of contact for a particular issue. This will enable them to hold one meeting with representatives from USDA instead of having to meet separately, as they now do, with representatives from each USDA Agency involved in the commodity program. Existing web sites will be enhanced to provide "one-stop shopping" for commodity inquiries. Until a new computer system is available, USDA will explore adding other information to the delivery order and purchase data now available on USDA web sites to assist processors and others in tracking commodity deliveries. These changes will be implemented by December 31, 2000.

### **14. Work with states and partners to pilot-test improvements**

USDA encourages States, customers, and other partners to submit requests for pilots of other concepts that could result in significant program improvement. Pilot requests must have State agency endorsement or sign-off except where the testing is limited to concepts that do not involve a State agency. No additional grant money or funding will be provided for pilots. Applications will be reviewed by appropriate members of the Senior Oversight Committee which is made up of executive level managers from each of the four USDA Agencies responsible for the commodity program. Interested parties may submit applications to USDA at any time.

**15. Other Improvements: Facilitate the use of 4/11 funds for commodity purchases; encourage cooperatives; and relax truckload requirements**

USDA will implement or pilot test other improvements. First, USDA will encourage and facilitate the use of Section 4/11 funds in the Department of Defense (DOD) fresh fruit and vegetable program and for additional commodity purchases from USDA. Easier use of 4/11 funds will allow the fresh fruit and vegetable program to grow to its full potential. USDA will establish a working group with States and customers to identify barriers and develop strategies that minimize these barriers for both DOD and USDA purchases. The working group will start by September 30, 2000.

USDA will encourage the development of purchasing and commodity distribution cooperatives by developing resource materials and offering technical assistance. Resource materials will be available by May 1, 2001.

USDA will accept pilot tests to explore relaxing truckload ordering and delivery restrictions. The tests may include allowing mixed truckloads, partial truckloads, and additional stop-offs, and will measure the effect on service, pricing, and competition. Suitable pilots will be approved for School Year 2000/2001.

**16. Streamline paperwork and reporting requirements**

USDA will form task forces with its customers and partners to examine requirements and eliminate redundant paperwork or low value-added reporting. This will apply, in particular, to commodity processing and oversight. USDA will strongly encourage States to do the same with schools and other partners. Task forces will begin by December 30, 2000.



# Healthy School Nutrition Environments: Promoting Healthy Eating Behaviors

The American Academy of Family Physicians, American Academy of Pediatrics, American Dietetic Association, National Hispanic Medical Association, National Medical Association, and the U.S. Department of Agriculture (USDA) call on schools and communities to recognize the health and educational benefits of healthy eating and the importance of making it a priority in every school. At the same time, the associations are encouraging their members to provide leadership in helping schools promote healthy eating for our Nation's children. Establishment of local policies that create a supportive nutrition environment in schools will provide students with the skills, opportunities, and encouragement they need to adopt healthy eating patterns.

## Prescription for Change: Ten Keys to Promote Healthy Eating in Schools

*Ten keys have been developed to assist each school community in writing its own prescription for change.*

- Students, parents, educators and community leaders will be involved in assessing the school's eating environment, developing a shared vision and an action plan to achieve it.
- Adequate funds will be provided by local, state and federal sources to ensure that the total school environment supports the development of healthy eating patterns.
- Behavior-focused nutrition education will be integrated into the curriculum from pre-K through grade 12. Staff who provide nutrition education will have appropriate training.
- School meals will meet the USDA nutrition standards as well as provide sufficient choices, including new foods and foods prepared in new ways, to meet the taste preferences of diverse student populations.
- All students will have designated lunch periods of sufficient length to enjoy eating healthy foods with friends. These lunch periods will be scheduled as near the middle of the school day as possible.
- Schools will provide enough serving areas to ensure student access to school meals with a minimum of wait time.
- Space that is adequate to accommodate all students and pleasant surroundings that reflect the value of social aspects of eating will be provided.
- Students, teachers and community volunteers who practice healthy eating will be encouraged to serve as role models in the school dining areas.
- If foods are sold in addition to National School Lunch Program meals, they will be from the five major food groups of the Food Guide Pyramid. This practice will foster healthy eating patterns.
- Decisions regarding the sale of foods in addition to the National School Lunch Program meals will be based on nutrition goals, not on profit making.

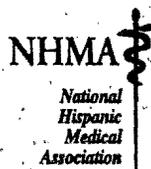


American Academy  
of Family Physicians

American Academy of Pediatrics



AMERICAN DIETETIC ASSOCIATION  
"Your link to nutrition and health."



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Hispanic  
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United States Department of Agriculture  
Food and Nutrition Service

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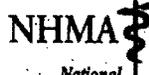


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