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Child Nutrition Issues in the 105th Congress

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ABSTRACT

This report summarizes proposed and enacted legislative initiatives to change child nutrition programs (including the WIC program) during 1997 and 1998. It will not be updated. Funding (including appropriations) for these programs is addressed in a separate report — *Child Nutrition Programs: Background and Funding*, CRS Report 98-25.

Child Nutrition Issues in the 105th Congress

Summary

Reauthorization. Appropriations authority for several child nutrition programs was scheduled to expire by the end of the 105th Congress, prompting congressional action in 1998. Expiring authorities included those for: the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program), the Summer Food Service program, State Administrative Expense (SAE) assistance, the commodity distribution program, and a number of small special-purpose projects. While other child nutrition programs (such as the School Lunch and Breakfast programs) are permanently authorized, significant changes in these programs also were considered as part of reauthorization legislation.

Legislation. In early October 1998, the Senate and House adopted a bipartisan child nutrition reauthorization agreement (H.R. 3874; H.Rept. 105-786), which was then enacted on October 31, 1998 (P.L. 105-336). This new law — entitled the William F. Goodling Child Nutrition Reauthorization Act of 1998 — extends expiring program appropriations authorities through FY2003 and makes modest revisions to child nutrition and WIC programs.

The new law's major initiative and spending item significantly expands the availability of federal subsidies for snacks served in after-school programs. Savings slightly more than offset the measure's costs and are derived from (1) a requirement that, when indexed annually for inflation, virtually all federal child nutrition per-meal/snack subsidy rates be rounded down to the nearest whole cent (not to the nearest quarter cent) and (2) a small reduction in federal funds set aside for audits in the Child and Adult Care Food program. *Net* federal outlay savings from the law total an estimated \$3 million through FY2003 (\$34 million in budget authority). Additional amendments authorize demonstration projects providing free breakfasts for elementary schoolchildren without regard to family income, increase administrative flexibility for schools, states, and WIC agencies, make it easier for private nonprofit sponsors to operate summer nutrition programs, change licensing and health/safety requirements for participating child nutrition providers, add a number of provisions to protect the integrity of the WIC and Child and Adult Care Food programs, and limit the degree to which WIC agencies can keep unused money and spend it the following year. The major House-Senate difference — whether to *require* funding for free school breakfast pilot projects (as in the Senate) or *authorize* funding for them subject to appropriations decisions (as in the House) — was resolved in favor of the House position.

Most of the provisions in the Administration's child nutrition reauthorization package (H.R. 3666/S. 2166) are included in the new law. Other bills before Congress included: H.R. 3086, H.R. 3405, H.R. 3871, H.R. 3872, H.R. 3873, S. 1396, S.1556, and S.1581. Significant provisions in these bills that are *not* contained the new reauthorization law include: a *mandate* for federal subsidies for free breakfasts to all elementary schoolchildren in participating schools (regardless of family income), money for start-up and expansion grants for breakfast and summer programs, and expansion of participation by for-profit child care providers in the Child and Adult Care Food program.

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Child Nutrition Issues in the 105th Congress

Legislative Status

Appropriations authority for several child nutrition programs — the WIC program, the Summer Food Service program, State Administrative Expense (SAE) assistance, the commodity distribution program, and a number of special-purpose projects — was scheduled to expire by the end of FY1998. As a result, most child nutrition activities were up for congressional review during 1998, including permanently authorized programs like the School Lunch, School Breakfast, and Child and Adult Care Food programs. [**Note:** Actual FY1999 appropriations for child nutrition and WIC programs were included in the omnibus FY1999 appropriations law (P.L. 105-277), and appropriations and spending for these programs are covered in a separate report — *Child Nutrition Programs: Background and Funding*, CRS Report 98-25.]

On October 7, 1998, the Senate approved the House-Senate conference agreement on a bipartisan child nutrition bill to extend appropriations authorities and make modest changes in child nutrition and WIC programs : H.R. 3874 (H.Rept. 105-786). House approval of the conference agreement followed on October 9, 1998. Earlier, the House adopted its bipartisan version of the bill on July 20, 1998: H.R. 3874 (H.Rept. 105-633). And, on September 17, 1998, the Senate approved a very similar bipartisan child nutrition reauthorization initiative: S. 2286 (S.Rept. 105-243).

The congressional agreement on the 1998 child nutrition reauthorization law — entitled the William F. Goodling Child Nutrition Reauthorization Act of 1998 — was enacted as P.L. 105-366 on October 31, 1998.

[**Notes:** This report primarily covers 1997-1998 proposed and enacted *legislative* initiatives to change child nutrition programs and the WIC program. For a description of **legislation in 1995 and 1996**, including the 1996 welfare reform law, see *Child Nutrition Legislation in the 104th Congress*, CRS Report 96-987. For background on **how child nutrition programs work, appropriations, participation, and spending**, see *Child Nutrition Programs: Background and Funding*, CRS Report 98-25. For detailed information on **the WIC program**, see *The WIC Program*, CRS Report 96-172. For information on the **WIC Farmers' Market Nutrition program** and issues related to it in, see *WIC Farmers' Market Nutrition Program: Issues in the 105th Congress*, CRS Report 98-746.]

Legislation

Child Nutrition Reauthorization: The New Law

P.L. 105-336: the William F. Goodling Child Nutrition Reauthorization Act of 1998. This bipartisan House-Senate agreement — enacted on October 31, 1998 — reauthorizes almost all expiring child nutrition appropriations authorities through FY2003.¹ It also includes a number of modest changes in child nutrition and WIC program operations and rules, primarily an initiative increasing the availability of federal support for snacks served in after-school programs. Many of the new law's provisions are drawn from the Administration's reauthorization package (H.R. 3666/S. 2166). Savings provisions (1) require that, when indexed for inflation each year, virtually all federal child nutrition per-meal/snack subsidy rates be *rounded down* to the nearest whole cent (not rounded to the nearest quarter cent) and (2) reduce federal funds set aside for audits in the Child and Adult Care Food program.

The bipartisan House and Senate versions of the reauthorization measure considered in conference (H.R. 3874, as passed by the House; S. 2286, as passed by the Senate) were very similar. Significant differences between the two measures included: (1) whether to require funding for a set of pilot projects under which elementary schools would offer free breakfasts to all students regardless of family income (“mandatory” funding, as in the Senate’s bill) or to authorize funds for the pilot projects subject to appropriations decisions (“discretionary” funding, as in the House bill); (2) how much to increase federal support for snacks in after-school programs; and (3) whether to reduce funds set aside for audits in the Child and Adult Care Food program. In the end, the House-Senate conferees chose (and Congress approved and sent to the President) discretionary funding for the breakfast pilot projects, more expansive provisions for federal support for after-school snacks, and a small reduction in audit funds.

Costs and Savings (Congressional Budget Office Estimates). Under the new law, cost items total \$173 million in outlays (\$181 million in budget authority) through FY2003. Savings through FY2003 total \$176 million in outlays (\$215 million in budget authority). As a result, *net* savings in federal spending through FY2003 are expected to be \$3 million in outlays (or \$34 million in budget authority). Most of the law’s costs are accounted for by provisions expanding federal support for snacks in after-school programs — \$127 million in outlays (\$136 million in budget authority). On the other side of the ledger, the lion’s share of savings (\$167 million in outlays; \$175 million in budget authority) is attributable to provisions changing the “rounding rules” for federal subsidies.

Cost items in the House bill that went to conference with the Senate (primarily provisions increasing federal support for after-school programs) totaled almost \$130 million in outlays (over \$130 million in budget authority) through FY2003. Savings totaled approximately \$200 million in outlays (some \$250 million in budget

¹ Left out are a few unused demonstration project authorizations and authority for activities that the law folds into larger program authorizations, as well as a special project related programs dealing with “boarder babies.”

authority). And the *net* savings in federal spending through FY2003 that would have been produced by the House bill added up to an estimated \$70 million in outlays (about \$120 million in budget authority).

Cost items in the Senate bill that went to conference with the House (primarily provisions increasing federal support for after-school programs and mandatory funding for free school breakfast pilot projects) totaled about \$165 million in outlays (\$175 million in budget authority) through FY2003. Savings totaled more than \$170 million in outlays (just over \$180 million in budget authority). *Net* savings in federal spending that would have come from the Senate bill added up to \$8 million in outlays and \$11 million in budget authority, through FY2003.

After-school Programs and the Child and Adult Care Food Program (CACFP). The 1998 reauthorization law's major initiative expands the availability of federal subsidies for snacks served in after-school programs in two basic ways. First, it allows institutions (schools and public or private nonprofit organizations) that provide care to "at-risk" schoolchildren — those living in lower-income areas — during after-school hours to receive federal payments (without a family income test for the recipient child) for snacks served free to participating children (including adolescents). Second, it permits schools sponsoring after-school programs to receive payments (varied by family income) for snacks served in their after-school programs (including those serving adolescents) when the program is not operated in a lower-income area. The House and Senate versions of this initiative differed primarily over how far to extend federal subsidies for free snacks in after-school programs.

Other changes in the new law affecting "outside-of-school" program sponsors (1) allow them to participate in the CACFP so long as they meet state or local health and safety standards (unless state/local licensing or approval as a *child care provider* is required of them), (2) only require schools operating day care programs receiving federal child nutrition payments to meet state or local child care licensing or approval standards if they are covered by them (i.e., alternate federal standards will not be applied to them), and (3) permanently provides funding for a demonstration project, operating in Iowa and Kentucky, that expands the availability of CACFP payments to for-profit child care providers. The reauthorization measure also includes two provisions related to improving program integrity in the CACFP: a requirement for periodic visits to CACFP sites and funding (\$1 million a year) for CACFP training and technical assistance activities. Finally, and it makes permanent automatic eligibility under the CACFP for Even Start program participants.

School Breakfast Pilot Projects. The new law includes provisions for 3-year *pilot projects* under which all elementary school students in participating schools would receive free breakfasts, regardless of family income. The bill *authorizes* the projects, subject to appropriations.

Summer Food Service Program. The reauthorization law loosens limits on the number of sites operated and children served by private nonprofit sponsors. This, and other changes (e.g., allowing the use of private vendors to provide meals/snacks), are intended to make it easier for private nonprofit organizations — particularly those in rural areas — to participate in the Summer Food Service program. The law also adjusts federal subsidy rates in Alaska and Hawaii upward, to conform to the practice

in other child nutrition programs, and expands authority for schools running summer programs to receive subsidies for meals when a child does not take an item offered (“offer vs. serve” authority).

Flexibility for States and Schools. The new law drops a restriction that limits the degree to which states can transfer state administrative expense (SAE) grant money among child nutrition program operations. This will allow SAE funding (including the money derived from a separate administrative grant related to the Summer Food Service program) to be used as states see fit to help them administer child nutrition programs. The law also includes provisions easing administrative burdens on schools. Where a single state agency administers multiple child nutrition programs, it requires that the agency allow schools that run them to operate programs under a single permanent agreement with the state (as opposed to separate agreements for each program) and requires that a common claiming procedure be used to obtain schools’ federal subsidies (as opposed to separate procedures and forms for each program). In addition, the law loosens requirements on schools choosing to take advantage of a paperwork reduction option to offer all students free meals at no additional federal cost (often called “provision 2”) and includes special grants to help schools take advantage of current options to reduce paperwork. Finally, the new law includes an amendment extending a waiver allowing schools to postpone using “weighted averages” when reviewing their menus for compliance with federal nutrition standards and another to encourage schools to establish adequate meal service periods.

Homeless Children Nutrition Programs. The 1998 child nutrition reauthorization law merges separate, limited nutrition programs for homeless children into the regular CACFP, thereby expanding the availability of federal support for meals served to homeless children.

The WIC Program. The reauthorization law contains a number of amendments relating to the WIC program. In general, they would give state WIC agencies some more flexibility in how they use their federal funds, limit agencies’ ability to retain unused funds for use in the next fiscal year, add provisions aimed at protecting the program’s integrity, and revise provisions related to the WIC farmers’ market nutrition program. The law also requires a study of cost containment efforts in the WIC program and a study of the costs of delivering WIC services. Specifically, the new law:

- eases rules governing WIC agencies’ ability to convert funds provided for food to spending on nutrition services and administration;
- allows WIC agencies to use money provided for food to purchase breast pumps;
- permits WIC agencies to retain and “spend forward” unused nutrition services and administration funding in the following fiscal year, but only up to an amount equal to 1% of their total grant, or up to 1.5% if the additional

amount is used for management information or electronic benefit transfer systems;²

- permits WIC agencies to retain and “spend back” unused funding to cover costs incurred in the prior year — above the amounts allowed under prior law;
- encourages states to pursue abuse in the program by loosening the rules governing use of any mis-spent money they recoup so that WIC agencies can use the money for program purposes as late as the fiscal year following the fiscal year in which they were collected;
- requires WIC agencies to permanently disqualify vendors convicted of trafficking or other serious violations;
- requires WIC agencies to design and implement systems to identify individuals who might be participating at more than one site;
- requires WIC agencies to identify “high-risk” participating vendors (retailers) and follow up with compliance investigations;
- includes provisions requiring that those involved in trafficking face forfeiture of property associated with the trafficking;
- requires WIC participants to have income documentation to support their eligibility (while granting WIC agencies some authority to waive the requirement);
- mandates that individuals be physically present at each certification and renewal of eligibility (while granting WIC agencies some authority to waive the requirement);
- requires the development of long-range plans for WIC management information and electronic benefit transfer systems;
- requires WIC agencies to take into consideration the prices stores charge for WIC foods when selecting vendors for participation; and
- loosens requirements on states participating in the WIC farmers’ market nutrition program by allowing them use any additional funding to increase benefits rather than adding participants and allowing them to count income they receive from donations and vendor fines toward meeting the required match for farmers’ market program grants.

² WIC agencies will not be allowed to spend forward unused food dollars, and, when compared to prior law, it is important to note that the new law *reduces* WIC agencies’ spend-forward authority.

General Provisions. The 1998 reauthorization law (1) requires health and safety inspections for schools in the school meal programs, (2) requires that schools, “whenever possible,” buy food products produced in the United States, (3) extends authority for an information clearinghouse on food assistance and self-help initiatives, and (4) extends authority for the Agriculture Department to carry out activities to help accommodate those with special dietary needs.

In addition, the reauthorization law (1) makes clear that states and schools can enter into procurement contracts with suppliers that have provided assistance in developing contract specifications, (2) boosts (from \$2 million to \$3 million a year) the money provided to the national Food Service Management Institute, and (3) extends authority for grants in support of projects that integrate food and nutrition education into elementary school curricula. Finally, the law more than doubles the maximum fine for serious violations of any child nutrition laws.

Offsetting Savings Provisions. The new law’s major amendment providing offsetting savings requires that, when federal child nutrition subsidies are indexed for inflation each July, virtually all be rounded down to the nearest whole cent — not to the nearest quarter cent. At present, this is the case for most subsidies for meals and snacks provided to non-poor children.³ Additional savings arise from a provision reducing — from 2% to 1.5% — the funding set aside for state audits of sponsors and providers under the CACFP program.⁴

Commodity Provisions. The reauthorization law includes a number of amendments affecting commodity distribution operations that were suggested by the Administration. They (1) ease requirements to collect “customer acceptability” information, (2) authorize the transfer of commodities among the various domestic food assistance programs, (3) provide funding for the removal of commodities provided by the Agriculture Department that pose a health or safety risk, and (4) allow the Agriculture Department to accept commodities provided by other federal sources for distribution through all its domestic food assistance programs.

Major Differences from the Administration’s Reauthorization Package. Most of the provisions recommended by the Administration as part of their child nutrition reauthorization proposal (H.R. 3666/S. 2166) are contained in the 1998 child nutrition reauthorization law. However, it expands on the Administration’s proposal to extend federal support for after-school programs and its proposals for the WIC program. It also does *not* include Administration proposals to eliminate the 2% set-aside for CACFP audits and allow states to keep half of any claims they recoup from schools and other providers through state-conducted reviews of child nutrition programs.

³ The law retains quarter-cent adjustments for the Special Milk program and commodity distribution assistance.

⁴ **Note:** The CACFP is the only child nutrition program with a special set-aside of money for state audits. SAE money may be used for this purpose, and the new law increases states’ flexibility in using SAE dollars.

Other Bills Before Congress

House Bills. In addition to H.R. 3874 (and the Administration's bill), five other bills were before the House. The extensions of appropriation authority in H.R. 3871-3873 are included in the new reauthorization law, as is expansion of support for after-school programs contained in H.R. 3086. However, two major proposals advanced in H.R. 3086 and H.R. 3405 are not. H.R. 3086 proposed to mandate federal subsidies for free breakfasts in all participating elementary schools without regard to family income (the new law includes a demonstration project for this). H.R. 3405 would have greatly eased the rules governing participation of for-profit child care providers in the CACFP — along the lines of what is already allowed in a demonstration project operating in Iowa and Kentucky (which is extended by the 1998 reauthorization measure — the new law does not.

S. 1396, the Meals for Achievement Act. This measure proposed to provide federal subsidies for free breakfasts for all elementary school children in schools participating in the School Breakfast program (as in H.R. 3086, noted earlier). The child nutrition reauthorization law authorizes a pilot project to test this concept.

S. 1556, the Child Nutrition Initiatives Act. The major provisions of this measure included amendments to restore (1) start-up and expansion grants for school breakfast and summer programs and (2) subsidies for some additional meals/snacks served in day care centers and summer programs. These 2 forms of federal support were ended by the 1996 welfare reform law. The bill also would have increased and extended funding for an information clearinghouse, and expanded support for the Summer Food Service program, after-school programs, the Homeless Children Nutrition program, the WIC Farmers' Market Nutrition program, and the Nutrition Education and Training (NET) program. Most provisions of S. 1556 are *not* included in the child nutrition reauthorization measure.

S. 1581, the Child Nutrition Reauthorization Act. This measure would have reauthorized, through FY2003, all expiring provisions of child nutrition law (see later discussion of programs up for reauthorization) — with no program or funding changes. Extension of virtually all expiring authorities is included in the 1998 child nutrition reauthorization law.

Other Relevant Bills. In addition to the measures noted above, three other bills in the 105th Congress are relevant. As passed by the Senate in late 1997, **S. 1150**, an agricultural research measure, would have spent over \$100 million through FY2002 on child nutrition initiatives (e.g., as in S.1556, it would have restored start-up and expansion grants for breakfast and summer programs and additional meal/snack subsidies in day care centers and summer programs). However, the conference agreement on this measure dropped all child nutrition amendments, and none were enacted. **H.R. 3531** (the New Mothers' Breastfeeding Promotion and Protection Act) included a proposal (similar to that included in the new child nutrition reauthorization law) to allow WIC agencies to use funds provided for food (as opposed to nutrition services and administration money) to support and promote breastfeeding, thereby giving WIC agencies more flexibility in how they support breastfeeding. **H.R. 1507** (the Hunger Has a Cure Act) included proposals to restore start-up and expansion grants subsidies for some additional meals/snacks in child

care centers, as well as a sense of Congress statement supporting full funding for the WIC program (S. 1556 also incorporated these initiatives).

Other Enacted Legislation

Other than the 1998 child nutrition reauthorization legislation (discussed earlier) and appropriations measures (discussed in *Child Nutrition Programs: Background and Funding*, CRS Report 98-25), only one item of child nutrition legislation was enacted in the 105th Congress.

WIC Benefits for Overseas Military Personnel and Dependents. Provisions in the National Defense Authorization Act for FY1998 (P.L. 105-85) seek to provide funds for WIC benefits for overseas military personnel and dependents.

The National Defense Authorization Act for FY1998 includes an amendment seeking to make funding available to carry out a 1994 provision of law calling for extension of the WIC program to serve overseas military personnel and dependents. The Defense Department estimates that about \$5 million a year would be needed to fund this program extension. However, it is unclear whether the amendment will actually provide funds for an overseas WIC program without a separate, specific appropriation for the purpose. The new law requires the Secretary of Defense to submit to Congress a report regarding the Secretary's intentions as to implementing this extension of WIC services and any plans to do so.

Major Issues in Bills Before Congress

School Breakfast Initiatives

There were three initiatives affecting the School Breakfast program in the measures before Congress. One would have authorized a demonstration project providing free breakfasts to elementary schoolchildren without regard to family income (H.R. 3874; S.2286). A second would have actually established a program of free breakfasts in participating elementary schools (H.R. 3086 and S. 1396). And a third would have restored start-up and expansion grants to schools wishing to establish or expand a breakfast program (S. 1556; H.R. 1507).

Although in excess of 70% of School Lunch program schools offer breakfast programs, student participation in breakfast programs is low — 20% of children enrolled in School Breakfast program schools vs. nearly 60% of enrolled children participating in lunch programs. In order to increase participation (primarily by removing the “stigma” associated with receiving free breakfasts while others pay and reducing schools’ paperwork associated with means testing), program advocates advanced the idea of providing federal subsidies such that *all* elementary school students in participating schools can be offered free breakfasts.⁵ Others argued that

⁵ Because the School Breakfast program primarily serves elementary school students in (continued...)

the relatively low participation can be attributed to factors other than stigma, price, and administrative burdens — e.g., timing of breakfast serving hours, bus schedules, parental choice — opposed a universal free breakfast program in elementary schools that would subsidize free meals for middle- and upper-income children, and supported pilot projects to test the idea instead.

The House version of the child nutrition reauthorization bill *authorized* a pilot project to test the effects of offering free breakfasts to elementary school children without regard to family income on participation, academic achievement, tardiness, dietary intake, and attendance. However, supporters of the “universal” free breakfast proposal continued to argue for *mandatory* funding of this demonstration project to make sure the concept is tested — and the Senate measure included mandatory funding of \$20 million. In the end, the House approach was included in the 1998 child nutrition reauthorization law.

Observers credit the start-up and expansion grant program (for infrastructure and other nonrecurring costs) with helping to boost schools’ participation in the School Breakfast program from under half those operating lunch programs to over 70% of School Lunch program schools, and advocates argued for reinstituting it so that program coverage would more closely approximate that of the School Lunch program (which operates in more than 90% of the country’s schools). Opponents contended that the grant program has done its basic job and that reintroducing what they see as aggressive federal support for further expansion is unwarranted. No revival of the start-up and expansion grant program was included in the 1998 child nutrition reauthorization measure.

After-school and Child Care Initiatives

Both the House and Senate child nutrition reauthorization bills included significant expansion of federal support for snacks served in after-school programs, particularly for programs serving adolescents in lower-income areas. The only major opposition expressed was concern over paying for the cost of these expansions.

Under prior law, schools could get federal subsidies for after-school snacks only if (1) they were getting them in May 1989 (only a few thousand schools qualified) or (2) separately applied and qualified as a “child care center” (and assumed the additional administrative burden and meet child care center standards). Moreover, in neither case were subsidies available for children over 12 in after-school programs. Private nonprofit sponsors could only get subsidies as child care providers, but not for children over age 12. Proponents argued that the lack of major support for after-school care is a serious gap in existing child care efforts (especially for lower-income “at-risk” adolescents) and that allowing schools to easily extend their regular school meal programs to after-school settings would be an important contributor to filling the gap. They also argued that private nonprofit sponsors should be able to receive support for after-school programs they run for adolescents. The 1998 child nutrition

⁵ (...continued)

relatively low-income areas, the overwhelming majority of participating children receive free breakfasts.

reauthorization law includes a substantial expansion of federal support for snacks served in after-school settings (including programs serving adolescents).

In addition to after-school program initiatives, there were two major proposals dealing with the CACFP before Congress. One would have restored subsidies for extra meals/snacks served to children in care for longer than eight hours (i.e., “fourth” meals/snacks) in participating child care centers (S. 1556; H.R. 1507). Another would have opened up participation in the CACFP to for-profit day care centers serving a significant proportion of lower-income children (H.R. 3405). Neither proposal was included in the new child nutrition reauthorization law.

Child care providers asked for restoration of fourth meal/snack subsidies. They viewed their elimination for child care centers as unfair to working families with children in care for long periods of time. Supporters of the 1996 amendment dropping these subsidies pointed out that the child care food program is not intended to cover all the food needs of participating children, that tracking food service for children in care more than 8 hours a day is difficult and can lead to unwarranted claims, and that greatly increased federal child care funding in 1996 and 1997 welfare reform and balanced budget legislation more than makes up for the relatively small loss of fourth meal/snack subsidies.

Federal assistance under the Child and Adult Care Food program (CACFP) for *for-profit* child care providers is limited to (1) those who receive compensation from programs under title XX of the Social Security Act (the Social Services Block Grant) for not less than 25% of their enrolled eligible participants and (2) providers participating in a demonstration project operating in Iowa and Kentucky where at least 25% of the children have family income meeting the criteria for free or reduced-price school meals (i.e., have family income below 185% of the federal poverty income guidelines). Where the provider is a public or private nonprofit provider, there are no such restrictions. As a result, very few for-profit providers receive aid under the CACFP. For-profit providers called for opening up the CACFP to for-profit providers — at least by allowing all for-profit providers to participate in the CACFP under the terms of the Iowa-Kentucky pilot project. Others were reluctant to expand federal assistance to for-profit providers, especially given the cost.

Summer Program Initiatives

While participation in school meal programs continues to grow (especially among low-income children), participation in the Summer Food Service program is far below that in the school programs. Moreover, the 1996 welfare reform law substantially reduced subsidies for meals and snacks served in summer programs. One initiative (in S. 1556) would have raised summer lunch subsidies to encourage increased summer program participation (by sponsors and children). However, opponents noted that, even after the 1996 subsidy cut, summer program subsidies remain somewhat higher than subsidies for free meals in other programs (recognizing that there are some added costs to running a summer program). S. 1556 also would have, in effect, made it easier for sponsors to qualify (e.g., it would allow sites in areas with 40%, rather than 50%, lower-income children to participate).

On the other hand, the 1998 child nutrition reauthorization law makes modest changes in the summer program to open up participation to more private nonprofit sponsors (e.g., loosening limits on the number of sites operated and children served by private nonprofit sponsors).

Finally, a coalition of summer program advocates advanced a proposal to restore start-up and expansion grants for the Summer Food Service program (as with similar grants for breakfast programs, they were dropped in the 1996 welfare reform law). However, opposition developed because of cost concerns and worries about undoing welfare reform changes, and restoration of summer program start-up and expansion grants was not included in the 1998 reauthorization law.

WIC Initiatives

There were three major issue areas relating to the WIC program. WIC directors argued that they need more flexibility in managing WIC funds — more authority to keep unspent money for use in the next fiscal year, more authority to convert food dollars to spending on nutrition services and administration — and were leery of being given added administrative tasks. The Administration, the Appropriations Committees, and other were worried that WIC agencies have too much authority to keep unspent money, rather than return it for reallocation to states that might need additional funds. And Congress and the Administration were concerned that the program is too vulnerable to abuse.

The 1998 reauthorization law attempts to strike a compromise by giving WIC agencies some more flexibility in managing their funds (but not as much as desired by WIC directors), limiting their authority to retain funds for spending in the next fiscal year (but not as much as proposed by the Administration and the Appropriations Committees), and adding a number of provisions intended to protect the program's integrity. However, the National Association of WIC Directors continues to maintain that they have not been given enough flexibility and that some of the program integrity provisions will impose too great an administrative burden on them.

Additional Issues of Note

During congressional consideration of reauthorization legislation, child nutrition program advocates pushed for several substantial changes in child nutrition law that were not included in the final reauthorization measure, or only partially addressed.

The American School Food Service Association (ASFSA) and others called for legislative (and administrative) changes that would create a ***“seamless” set of meal programs operated by schools***. In effect, they asked that rules be changed so that schools can run the full range of child nutrition programs (including school meal, child care, after-school, and summer programs) under a single set of standards and subsidies — thereby reducing their administrative burden and expanding the

availability of the programs.⁶ Fully implementing this type of initiative (e.g., uniform operating standards and federal subsidies) could be costly, and the Administration and others in Congress indicated that they were hesitant to go forward with major changes.

Instead, the Agriculture Department issued a limited set of program coordination “policy guidances” in the spring of 1998, and the 1998 child nutrition reauthorization law includes amendments (1) calling for a “single agreement” between state agencies and schools running multiple programs and a common claiming procedure for these schools to obtain their federal subsidies and (2) expanding schools’ role in the provision of after-school snacks.

The ASFSA also asked that an Agriculture Department proposal to require that schools follow *federal procurement rules* in school meal programs be quashed, arguing that some of the federal rules are too burdensome on schools and would prevent them from procuring the items they felt most appropriate for their programs. Congress declined, but did include one amendment in the 1998 reauthorization law that makes clear that schools can enter into procurement contracts with suppliers that have provided assistance in developing contract specifications.

Finally, the ASFSA — (1) called for modification of the current system for auditing schools’ meal programs (the *Coordinated Review Effort*, or CRE), (2) asked to effectively increase the income threshold for *free meals*, (3) proposed elimination of a rule requiring schools to offer a *variety of milk* consistent with student preferences in the prior year, (4) called for eliminating what it sees as an administratively burdensome rule requiring that certain schools running breakfast programs “*account*” for school breakfast costs in order to receive their full federal subsidy, (5) supported increasing what is now a relatively minimal *state matching* requirement for receiving federal child nutrition funds, and (6) asked that rules governing *waivers* from federal child nutrition requirements be changed to make waivers easier to get. These proposals were not acted on.

The *Nutrition Education and Training (NET) program* was, for a number of years, mandated funding of \$10 million a year as an “entitlement.” However, the 1996 welfare reform law converted it to a “discretionary” program subject to annual appropriations decisions. Through FY1998, reduced funding of \$3.75 million a year was provided. This program makes grants to states to provide nutrition education services to school food service administrators, teachers, and students. Nutrition education supporters (including the ASFSA) would like to see NET funding increased to pre-welfare-reform levels and pushed for (1) an increased discretionary appropriation and (2) returning the program to its pre-welfare-reform “entitlement” status as part of the child nutrition reauthorization measure. However, the FY1999 child nutrition appropriation includes no funding for the NET program, and the child nutrition reauthorization law simply extends “discretionary” appropriations authority

⁶ Separately, Oregon sought approval of a demonstration project that would allow the state to adjust program rules so that schools would operate child nutrition programs under a uniform set of rules and subsidy rates, with federal funding provided as a single annual grant adjusted for enrollment changes and inflation. However, the project was not approved.

through FY2003 (it was scheduled to expire in FY2002) and eliminates a \$10 million ceiling on the authorized appropriations level.

Programs up for Reauthorization

Authority to appropriate for, or carry out, four major child nutrition programs and a number of other programs and activities was scheduled to expire during the 105th Congress. As a result, they were under review by Congress during 1998, as were other child nutrition programs, such as the School Lunch and Breakfast programs, that are permanently authorized. Except for some demonstration project authority (unused authority and two projects noted below), the 1998 child nutrition reauthorization law extends all expiring authorities through FY2003.

The *WIC program's* appropriations authorization was to expire September 30, 1998 — as was the provision of law governing the formula allocation of WIC funding among states, a requirement that \$10 million a year from any unused WIC “carryover” funds from the prior year be used for program infrastructure development and special projects, and the appropriations authorization for the WIC farmers’ market nutrition program. The WIC program, administered by state/local health clinics, provides nutritious foods to lower-income pregnant, postpartum, and breastfeeding women, infants, and children who are judged to be at nutritional risk. The \$10 million infrastructure fund is intended to help states develop better WIC management systems, improve their services, increase their ability to reach eligible clients, and expand breastfeeding efforts. The farmers’ market program operates in 31 states and issues special WIC vouchers to be used to purchase fresh foods through farmers’ markets.

The appropriations authorization for the *Summer Food Service program* was to expire September 30, 1998. Under this program, local public and private nonprofit sponsors receive federal support for food service during the summer months in lower-income areas.

The appropriations authorization for *state administrative expense assistance (SAE)* was to expire September 30, 1998. Formula grants are provided to states to help cover administrative costs associated with their child nutrition operations — equal to about 1.5% of total federal cash payments for institutional meal programs like the School Lunch program.

The requirement to use additional Agriculture Department resources (e.g., permanently appropriated “section 32” funds) to purchase commodities sufficient to maintain the “entitlement” levels of child nutrition *commodity distribution* called for by law was to expire September 30, 1998.

Some active *demonstration projects* were to expire September 30, 1998: (1) a two-state pilot (in Iowa and Kentucky) allowing for increased participation by for-profit child care centers in the Child and Adult Care Food program, (2) a project for subsidized food and nutrition services for “boarder babies” (abandoned infants); and (3) demonstrations providing funds for schools providing meals or snacks to

adolescents in educational/recreational programs outside of school hours. The 1998 child nutrition reauthorization law extended authority for only the Iowa-Kentucky demonstrations (authorizing them permanently).

Required funding for an *information clearinghouse* for nongovernmental groups that assist low-income persons and communities with regard to food assistance and self-help activities was to expire September 30, 1998. Authority for grants for projects that support the integration of *nutrition education* into elementary school curricula was to have expired September 30, 1998. A provision granting automatic eligibility for Child and Adult Care Food program benefits to pre-kindergarten *Even Start* program participants expired September 30, 1997. And, finally, the appropriations authorization for some *nutrition education, training, and technical support activities* was to end September 30, 1998.⁷

⁷ These expiring authorities did *not* include those for the Nutrition Education and Training (NET) program or the Food Service Management Institute (FSMI).