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USDA Domestic Food Assistance Programs: FY2018 Appropriations

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USDA Domestic Food Assistance Programs: FY2018 Appropriations

The Consolidated Appropriations Act, 2018 (P.L. 115-141) was enacted on March 23, 2018. This omnibus bill included appropriations for the U.S. Department of Agriculture (USDA), of which USDA's domestic food assistance programs are a part. Prior to its enactment, the federal government had continued to operate for the first six months of the fiscal year under continuing resolutions (CRs). This report focuses on the enacted appropriations for USDA's domestic food assistance programs and, in some instances, policy changes provided by the omnibus law. CRS Report R45128, *Agriculture and Related Agencies: FY2018 Appropriations* provides an overview of the entire FY2018 Agriculture and Related Agencies portion of the law as well as a review of the reported bills and CRs preceding it.

Domestic food assistance funding is primarily mandatory but also includes discretionary funding. Most of the programs' funding is for open-ended, appropriated mandatory spending—that is, terms of the authorizing law require full funding and funding may vary with program participation (and in some cases inflation). The largest mandatory programs include the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) and the child nutrition programs (including the National School Lunch Program and School Breakfast Program). Though their funding levels are dictated by the authorizing law, in most cases, appropriations are needed to make funds available for obligation and expenditure. The three largest discretionary budget items are the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Commodity Supplemental Food Program (CSFP); and federal nutrition program administration.

The domestic food assistance funding is, for the most part, administered by USDA's Food and Nutrition Service (FNS). The enacted FY2018 appropriation provides nearly \$105 billion for domestic food assistance (**Table 1**). This is a decrease of approximately \$3.2 billion from FY2017. Declining participation in SNAP is responsible for most of the difference. Over 95% of the FY2018 appropriations for domestic food assistance are for mandatory spending. Highlights of the associated appropriations accounts are summarized below.

For SNAP and other programs authorized by the Food and Nutrition Act, such as The Emergency Food Assistance Program (TEFAP) commodities, the FY2018 appropriations law provides approximately \$74.0 billion. Certain provisions of the law affect SNAP policies. For example, it continues a policy in the FY2017 appropriations law that limited USDA's implementation of December 2016 regulations regarding SNAP retailers' inventory requirements. USDA must amend its final rule to define "variety" more expansively and must "apply the requirements regarding acceptable varieties and breadth of stock."

For the child nutrition programs (National School Lunch Program and others), the enacted law provides approximately \$24.3 billion. This includes discretionary funding for school meals equipment grants (\$30 million) and Summer Electronic Benefit Transfer (EBT) demonstration projects (\$28 million). General provisions provide an additional \$5 million for farm-to-school grants and \$2 million for training school nutrition personnel. The law includes policy provisions related to processed poultry from China, discrimination in the school meals programs, and requirements for schools' paid lunch pricing.

For the WIC program, the law provides nearly \$6.2 billion while also rescinding \$800 million in prior-year carryover funding.

For the Commodity Assistance Program account, which includes funding for the Commodity Supplemental Food Program, TEFAP administrative and distribution costs, and other programs, the law provides over \$322 million. It

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provides level funding for the WIC Farmers' Market Nutrition Program (\$18.5 million), though the President's budget requested no funding for this program.

For Nutrition Programs Administration, the law provides nearly \$154 million.

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This report focuses on USDA’s domestic food assistance programs; their funding; and, in some instances, policy changes provided by the enacted FY2018 appropriations law. USDA’s domestic food assistance programs include the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the child nutrition programs (such as the National School Lunch Program). The domestic food assistance funding is, for the most part, administered by USDA’s Food and Nutrition Service (FNS).¹ CRS Report R45128, *Agriculture and Related Agencies: FY2018 Appropriations* provides an overview of the entire FY2018 Agriculture and Related Agencies appropriations law as well as a review of the reported bills and CRs preceding its enactment.

With its focus on appropriations, this report discusses programs’ eligibility requirements and operations minimally. See CRS Report R42353, *Domestic Food Assistance: Summary of Programs* for more background.

Supplemental Funding for FNS Programs’ Disaster Response Provided by Other Laws During FY2018

During FY2018, before the omnibus bill was enacted, certain FNS programs received supplemental funding to respond to 2017 natural disasters:²

- P.L. 115-72 (§309) provided for usage of previously appropriated SNAP contingency reserve funds as a grant to support Puerto Rico’s “disaster nutrition assistance” through the end of FY2019.
- P.L. 115-123, the Bipartisan Budget Act of 2018, provided \$24 million for The Emergency Food Assistance Program (TEFAP) commodities and administrative costs, specifically for those jurisdictions that received a major disaster or emergency declaration related to the consequences of hurricanes Harvey, Irma, and Maria or due to wildfires in 2017.
- P.L. 115-123 provided \$14 million for WIC infrastructure grants for Puerto Rico and the U.S. Virgin Islands for “repair and restoration of buildings, equipment, technology, and other infrastructure damages as a consequence of Hurricanes Irma and Maria.”

Overview of FY2018 USDA-FNS Funding

Domestic food assistance—SNAP and child nutrition programs in the mandatory spending accounts, and WIC and other programs in the discretionary spending accounts—represents over two-thirds of the FY2018 Agriculture appropriations act (**Figure 1**).

The federal budget process treats discretionary and mandatory spending differently.³

- **Discretionary spending** is controlled by annual appropriations acts and receives most of the attention during the appropriations process. The annual budget

¹ Nutrition Programs Administration funding funds USDA’s Center for Nutrition Policy and Promotion (CNPP), and the bill also provides some funding initially to FNS that is routinely transferred to other federal agencies.

² See CRS Report R45084, *2017 Disaster Supplemental Appropriations: Overview*; and CRS In Focus IF10829, *Agriculture Funding in the Bipartisan Budget Act of 2018*.

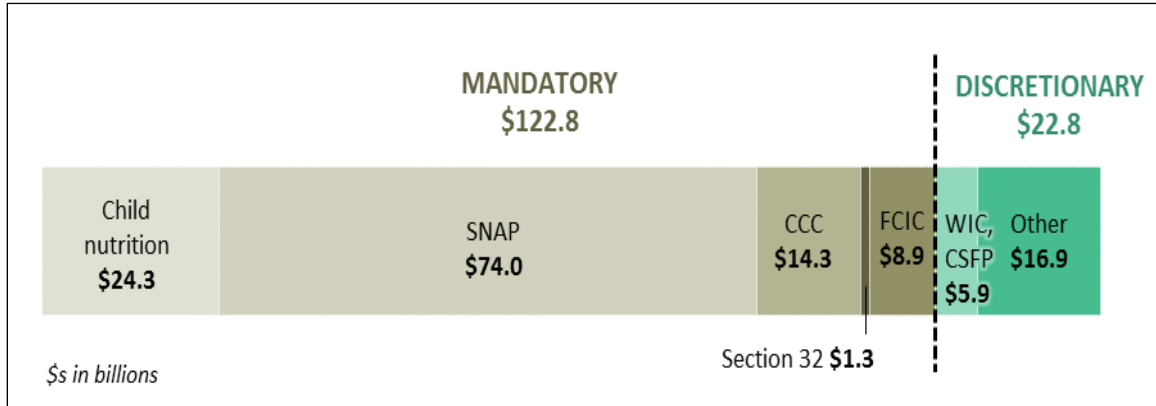
³ See CRS Report R44582, *Overview of Funding Mechanisms in the Federal Budget Process, and Selected Examples*.

resolution⁴ process sets spending limits for discretionary appropriations. Agency operations (salaries and expenses) and many grant programs are discretionary.

- **Mandatory spending**—though carried in the appropriation—is controlled by budget rules during the authorization process.⁵ Appropriations acts then provide funding to match the parameters required by the mandatory programs’ authorizing laws. For the domestic food assistance programs, these laws are typically reauthorized in farm bill⁶ and child nutrition reauthorizations.⁷

Figure 1. Scope of Agriculture and Related Agencies Appropriations

FY2018 budget authority total: \$145.6 billion



Source: Congressional Research Service (CRS) (see CRS Report R45128, Agriculture and Related Agencies: FY2018 Appropriations). Does not show some agencies under \$0.5 billion. Includes General Provisions with agency.

Notes: SNAP = Supplemental Nutrition Assistance Program; CCC = Commodity Credit Corporation; FCIC = Federal Crop Insurance Corporation; Section 32 = Funds for Strengthening Markets, Income and Supply; WIC = Special Supplemental Nutrition Program for Women, Infants, and Children; CSFP = Commodity Supplemental Food Program.

Domestic food assistance funding (**Table 1**) largely consists of open-ended, appropriated mandatory programs—that is, it varies with program participation (and in some cases inflation) under the terms of the underlying authorization law. The largest mandatory programs include SNAP and the child nutrition programs (including the National School Lunch Program and School Breakfast Program). Though their funding levels are dictated by the authorizing law, in most cases appropriations are needed to make funds available.

The three largest discretionary budget items are WIC, the Commodity Supplemental Food Program (CSFP), and federal nutrition program administration.

The enacted FY2018 appropriation would provide nearly \$105 billion for domestic food assistance (**Table 1**). This is a decrease of approximately \$3.2 billion from FY2017. Declining participation in SNAP is responsible for most of the difference. Over 95% of the FY2018 appropriations are for mandatory spending.

⁴ See CRS Report R42388, *The Congressional Appropriations Process: An Introduction*.

⁵ See CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*.

⁶ P.L. 113-79. See CRS In Focus IF10783, *Farm Bill Primer: Budget Issues*.

⁷ P.L. 111-296. See CRS Report R44373, *Tracking the Next Child Nutrition Reauthorization: An Overview*.

Table 1 summarizes funding for the domestic food assistance programs, comparing FY2018 levels to those of prior years. In addition to the accounts' appropriations language, the enacted appropriation's general provisions include additional funding, rescissions, and/or policy changes. These are summarized in this report.

Table I. Domestic Food Assistance Appropriations, P.L. 115-141

(Budget authority in millions of dollars)

Program	Mand. (M) or Disc. (D)	FY2015	FY2016	FY2017	FY2018			Enacted P.L. 115- 141	Change: FY2017 to FY2018 Enacted	
		P.L. 113- 235	P.L. 114- 113	P.L. 115- 31	Admin. Request ^a	H. Cmte. H.R. 3268	S. Cmte. S. 1603			
Child Nutrition Programs^b										
Account Total^c (including transfers)		21,300.2	22,149.7	22,794.0	24,256.3	24,280.9	24,296.5	24,254.1	+1,460.1	+6.4%
<i>National School Lunch Program</i>	M	11,996.1	12,154.7	12,339.8	13,010.1	13,010.1	13,010.1	13,133.2	+793.4	+6.4%
<i>School Breakfast Program</i>	M	3,960.0	4,338.6	4,470.2	4,775.6	4,775.6	4,775.6	4,807.4	+337.2	+7.5%
<i>Child and Adult Care Food Program</i>	M	3,195.9	3,340.1	3,490.9	3,919.4	3,919.4	3,919.4	3,832.7	+341.8	+9.8%
<i>Special Milk Program</i>	M	11.2	9.4	9.2	8.8	8.8	8.8	8.8	-0.4	-4.3%
<i>Summer Food Service Program</i>	M	495.5	555.7	627.1	639.8	639.8	639.8	563.8	-63.3	-10.1%
<i>State Administrative Expenses</i>	M	263.7	270.9	279.1	299.1	299.1	299.1	297.3	+18.2	+6.5%
<i>Commodity Procurement for Child Nutrition</i>	M	1,255.5	1,350.7	1,428.1	1,489.3	1,489.3	1,489.3	1,461.8	+33.7	+2.4%
<i>School Meals Equipment, Breakfast Grants</i>	D	25.0	30.0 ^d	25.0	0.0	25.0	30.0	30.0	+5.0	+20.0%
<i>Summer EBT Demonstration</i>	D	16.0	23.0 ^d	23.0	23.0	23.0	23.0	28.0	+5.0	+21.7%
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	D	6,623.0	6,350.0^e	6,350.0^f	6,150.0^g	6,350.0^h	6,350.0^h	6,175.0^h	-175.0	-2.8%
Supplemental Nutrition Assistance Program (SNAP)^b										
Account Total^c		81,837.6	80,849.4	78,480.7	73,612.5ⁱ	79,673.3	79,682.2	74,013.5	-4,467.2	-5.5%
<i>SNAP Benefits</i>	M	71,035.8	70,124.3	67,754.4	62,639.3	68,801.1	n/a	63,039.0	-4,715.4	-6.7%
<i>Contingency Reserve Fund</i>	M	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	0.0	0.0%

Program	Mand. (M) or Disc. (D)	FY2015	FY2016	FY2017	FY2018				Change: FY2017 to FY2018 Enacted	
		P.L. 113- 235	P.L. 114- 113	P.L. 115- 31	Admin. Request ^a	H. Cmte. H.R. 3268	S. Cmte. S. 1603	Enacted P.L. 115- 141		
State Administrative Costs	M	4,123.0	4,222.0	4,230.5	4,483.4	4,348.6	n/a	4,483.4	+252.9	+6.0%
Employment and Training (E&T)	M	447.2	455.7	456.0	476.7	465.7	n/a	476.7	+20.7	+4.5%
Nutrition Education and Obesity Prevention	M	407.0	408.0	414.0	421.0	414.0	n/a	421.0	+7.0	+1.7%
TEFAP Commodities	M	327.0	318.0	316.0 ^k	288.8	288.8	n/a	289.5	-26.5	-8.3%
Food Distribution Program on Indian Reservations	M ^l	145.2	145.2	151.0	153.0	153.0	n/a	153.0	+2.0	+1.4%
Commonwealth of Northern Mariana Islands	M	12.2	12.2	12.2	12.1	12.1	n/a	12.1	0.0	0.0%
Puerto Rico and American Samoa	M	2,030.3	1,967.0	1,956.9	1,936.7	1,936.7	n/a	1,937.4	-19.5	-1.0%
Commodity Assistance Program										
Account Total^c		278.5	296.2	315.1	293.6	317.1	317.1	322.1	+7.0	+2.4%
Commodity Supplemental Food Program	D	211.5	222.2	236.1	238.1	238.1	238.1	238.1	+2.0	+0.9%
WIC Farmers' Market Nutrition Program	D	16.5	18.5	18.5	0.0	18.5	18.5	18.5	0.0	0.0%
TEFAP Administrative Costs	D	49.4	54.4	59.4	54.4	59.4	59.4	64.4	+5.0	+9.2%
Nutrition Program Administration	D	150.8	150.8	170.7	148.5	148.5	153.8	153.8	-16.9	-11.2%
Office of the Under Secretary	D	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.0	0.0%
Total, Domestic Food Assistance (Title IV)^m		110,190.9	109,797.0	108,111.3	104,461.7	104,507.4	104,730.8	104,919.4	-3,191.9	-2.9%

Source: CRS, compiled from tables in the joint explanatory statements or committee reports for the referenced appropriations acts or bills.

- The FY2018 Administration request reflected in this column is from the FNS budget request submitted to Congress in February 2018.
- FNS programs that are open-ended mandatory programs (e.g., SNAP and the child nutrition programs), the programs do not necessarily have the authority to spend all of the appropriated funds. For such programs' historical spending, see also FNS expenditure data at <http://www.fns.usda.gov/data-and-statistics>.
- "Account Total" includes amounts for the programs listed below as well as other programs not listed.

- d. FY2016 figures include additional funds from the general provisions (§741) of the enacted law: \$5 million for equipment/breakfast grants; \$7 million for Summer EBT.
- e. The FY2016 law's Section 751 provided \$220 million for management information systems and WIC EBT by rescinding FY2015 carryover and recovery funding.
- f. The FY2017 enacted law (§745) rescinded \$850 million in WIC carryover funds.
- g. The Administration also requested a rescission of \$1.0 billion in WIC carryover funding.
- h. The enacted law also rescinds \$800 million in WIC carryover funding. Both reported bills would also have rescinded carryover funds: H.R. 3268 (§741) would have rescinded \$600 million; S. 1603 (§741) would have rescinded \$800 million.
- i. This is the Administration's FY2018 SNAP request for current law. The Administration also proposed eight SNAP legislative proposals. If these proposals were enacted, the Administration estimated it would reduce the SNAP request by approximately \$4.9 billion (a request of \$68.7 billion for the account).
- j. In addition to this E&T funding, P.L. 113-235 also appropriates \$190 million for E&T pilots. The 2014 farm bill provided the authorization for this mandatory funding. For further information, see CRS Report R43332, *SNAP and Related Nutrition Provisions of the 2014 Farm Bill (P.L. 113-79)*.
- k. The enacted FY2017 law provides \$297 million required by the Food and Nutrition Act and an additional \$19 million for TEFAP commodities provided in general provisions (§748).
- l. A portion of FDPIR funding (nutrition education) is discretionary.
- m. Title IV totals do not include additions and rescissions provided in bills' general provisions.

President's FY2018 Budget Request

Table 1 compares the enacted funding to the House- and Senate-reported bills, prior years' enacted funding, and the President's FY2018 budget request. The President's budget request includes the Administration's forecast for programs with open-ended funding such as SNAP and the child nutrition programs; this assists the appropriations committees in providing funding levels expected to meet obligations. The budget also includes the Administration's requests for discretionary programs. Additionally, it is a place for the Administration to include legislative requests. The FY2018 request did include SNAP legislative proposals.

Most significantly for the FNS programs, the President's FY2018 budget request did the following:

- It included eight legislative proposals pertaining to SNAP.⁸ The majority of these would have restricted SNAP eligibility and made changes to the benefit calculation. The request also proposed to require states to share the cost of SNAP benefits and to require retailers applying to accept SNAP benefits to pay a fee. Together, these proposals were estimated by both the Administration and Congressional Budget Office (CBO) to reduce program spending in FY2018 and over the 10-year budget window.⁹ None of these policies were enacted as part of the FY2018 appropriation. Related policies were debated in the formulation of the 2018 farm bill.¹⁰
- It requested no funding for the WIC Farmers' Market Nutrition Program, a program that had received consistent discretionary funding in past years (see "Commodity Assistance Program").

Domestic Food Assistance Appropriations Accounts and Related General Provisions

Office of the Under Secretary for Food, Nutrition, and Consumer Services

For the Under Secretary's office, the enacted FY2018 appropriation provides approximately \$0.8 million. This office received approximately equal funding in FY2017.

The enacted appropriation (§740) continues to require the coordination of FNS research efforts with USDA's Research, Education and Economics mission area. This is to include a research and evaluation plan submitted to Congress.

Section 750 of the enacted appropriation prohibits state Electronic Benefit Transfer (EBT) contractors and subcontractors from charging fees for switching or routing USDA benefit transactions. All states use EBT systems for SNAP, and most use them for WIC. The provision

⁸ USDA-FNS FY2018 Congressional Budget Justification, pp. 32-91 through 32-94, <http://www.obpa.usda.gov/32fnsexnotes2018.pdf>.

⁹ Congressional Budget Office (CBO), *Proposals for the Supplemental Nutrition Assistance Program—CBO's Estimate of the President's Fiscal Year 2018 Budget*, July 13, 2017, <https://www.cbo.gov/publication/52903>.

¹⁰ See CRS Report R45275, *The House and Senate 2018 Farm Bills (H.R. 2): A Side-by-Side Comparison with Current Law*.

defines switching fees as “the routing of an intrastate or interstate transaction that consists of transmitting the details of a transaction electronically recorded through the use of an electronic benefit transfer card in one State to the issuer of the card that may be in the same or different state.” In the past, these fees have at times been charged to retailers and/or those routing transactions on behalf of retailers, increasing these entities’ costs. The prohibition is in place from the date of enactment through the end of FY2019.

SNAP and Other Programs under the Food and Nutrition Act

Appropriations under the Food and Nutrition Act (formerly the Food Stamp Act) support (1) SNAP (and related grants); (2) a nutrition assistance block grant for Puerto Rico and nutrition assistance block grants to American Samoa and the Commonwealth of the Northern Mariana Islands (all in lieu of SNAP); (3) the cost of food commodities as well as administrative and distribution expenses under the Food Distribution Program on Indian Reservations (FDPIR); (4) the cost of commodities for TEFAP, but not administrative/distribution expenses, which are covered under the Commodity Assistance Program budget account; and (5) Community Food Projects.

The enacted appropriation provides approximately \$74.0 billion for programs under the Food and Nutrition Act. This FY2018 level is approximately \$3.2 billion less than FY2017 appropriations. This difference is largely due to a forecasted reduction in SNAP participation.¹¹ The enacted appropriation provides \$3 billion for the SNAP contingency reserve fund.¹²

The SNAP account also includes mandatory funding for TEFAP commodities. The enacted appropriation provides nearly \$290 million, according to the terms of the Food and Nutrition Act. This is less funding (-\$26.5 million, -8.3%) than the \$316.0 million provided in FY2017. (TEFAP also receives discretionary funding for storage and distribution costs, as discussed later in “Commodity Assistance Program.”)

SNAP Account: Other General Provisions and Committee Report Language

SNAP-Authorized Retailers. The FY2017 appropriations law limited USDA’s implementation of December 2016 regulations regarding SNAP retailers’ inventory requirements, and the enacted FY2018 appropriation (§728) continues those limits.

Only SNAP-authorized retailers may accept SNAP benefits. On December 15, 2016, FNS published a final rule to change retailer requirements for SNAP authorization.¹³ The final rule would have implemented the 2014 farm bill’s changes to inventory requirements for SNAP-authorized retailers (P.L. 113-79, §4002). Namely, the 2014 farm bill increased both the varieties of “staple foods” and the perishable items within those varieties that SNAP retailers must stock. In addition to codifying the farm bill’s changes, the final rule would have changed how staple

¹¹ See also USDA-FNS Congressional Budget Justification, p. 32-86, <http://www.obpa.usda.gov/32fnsexnotes2018.pdf>. As an appropriated, open-ended mandatory program, SNAP funding is not the same as SNAP spending. SNAP regularly receives annual appropriations that are greater than the amount the program spends. Better measures for SNAP program spending can be found in USDA-FNS’s costs data, available at <http://www.fns.usda.gov/pd/SNAPmain.htm>.

¹² These funds, held in reserve, are available for a two year period, whereas the majority of SNAP funds are available for one-year. These reserve funds are available for spending if the other SNAP appropriations are exhausted.

¹³ USDA-FNS, “Enhancing Retailer Standards in the Supplemental Nutrition Assistance Program (SNAP),” 81 *Federal Register* 90675-90699, December 15, 2016. For further information on this rulemaking and implementation following the FY2017 appropriations law, see CRS Report R44650, *Updated Standards for SNAP-Authorized Retailers*.

foods are defined, clarified limitations on retailers' sale of hot foods, and increased the minimum number of stocking units.¹⁴

Section 728 in the enacted appropriation continues to require that USDA amend its final rule to define "variety" more expansively and that USDA "apply the requirements regarding acceptable varieties and breadth of stock" that were in place prior to P.L. 113-79 until such regulatory amendments are made. In the meantime, USDA-FNS has implemented other aspects of the final rule, such as increased stocking units.¹⁵

Child Nutrition Programs¹⁶

Appropriations under the child nutrition account fund a number of programs and activities authorized by the Richard B. Russell National School Lunch Act and the Child Nutrition Act. These include the National School Lunch Program (NSLP), School Breakfast Program (SBP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), Special Milk Program (SMP), assistance for state administrative expenses, procurement of commodities (in addition to transfers from separate budget accounts within USDA), state-federal reviews of the integrity of school meal operations ("Administrative Reviews"), "Team Nutrition" and education initiatives to improve meal quality and food safety, and support activities such as technical assistance to providers and studies/evaluations. (Child nutrition efforts are also supported by permanent mandatory appropriations and other funding sources discussed in the section "Other Nutrition Funding Support.")

The enacted FY2018 appropriation provides approximately \$24.3 billion for child nutrition programs. This is approximately \$1.5 billion more (+6.4%) than the amount provided in FY2017, and reflects a transfer of over \$8.9 billion from the Section 32 account.

The enacted appropriation funds certain child nutrition discretionary grants. These include the following:

- **School Meals Equipment Grants.**¹⁷ The law provides \$30 million, \$5 million more than was provided in FY2017.
- **Summer EBT (Electronic Benefit Transfer) Demonstration Projects.** These projects provide electronic food benefits over summer months to households with children in order to make up for school meals that children miss when school is out of session and as an alternative to Summer Food Service Program meals. The projects were originally authorized and funded in the FY2010 appropriations law (P.L. 111-80). The enacted appropriation provides \$28 million, a \$5 million increase from FY2017.

The child nutrition programs and WIC were up for reauthorization in 2016, but it was not completed.¹⁸ Many provisions of the operating law nominally expired at the end of FY2015, but

¹⁴ The proposed rule's preamble states that, aside from the farm bill change, FNS is "using existing authority in [SNAP's authorizing statute] and feedback from a Request for Information that included five listening sessions in urban and rural locations across the nation and generated 233 public comments."

¹⁵ See USDA-FNS website, "Is My Store Eligible?" <https://www.fns.usda.gov/snap/my-store-eligible>.

¹⁶ Further background on these programs and related funding is provided in CRS Report R43783, *School Meals Programs and Other USDA Child Nutrition Programs: A Primer*.

¹⁷ For more information about these grants, see USDA-FNS's resources for the FY2017 grants, <https://www.fns.usda.gov/fy-2017-nslp-equipment-assistance-grants-school-food-authorities>.

¹⁸ Committees of jurisdiction marked up bills in the 114th Congress, but Congress did not complete reauthorization. As

nearly all operations continued via funding provided in appropriations laws since that time, including the enacted FY2018 appropriation. The enacted appropriation also continued to extend, through September 30, 2018, two expiring provisions: mandatory funding for an Information Clearinghouse and USDA’s food safety audits.

Child Nutrition Programs: General Provisions

General provisions in the enacted FY2018 appropriation included *additional funding* for child nutrition programs:

- **Farm to School Grants.** Section 763 of the enacted appropriation provides \$5 million for competitive grants to assist schools and nonprofit entities in establishing farm-to-school programs. The same amount was provided in FY2017. This is in addition to \$5 million in permanent mandatory funding (provided annually by Section 18 of the Richard B. Russell National School Lunch Act), for a total of \$10 million available in FY2018.
- **School Personnel Training.** Section 755 of the enacted appropriation provides \$2 million for “allied professional associations to develop a training program for school nutrition personnel that focuses on school food service meal preparation and workforce development.” This was not included in FY2017 appropriations.

FY2018 general provisions also included *policy provisions*:

- **Processed Poultry from China.** The enacted appropriation includes a policy provision (§728) to prevent any processed poultry imported from China from being included in the National School Lunch Program, School Breakfast Program, Child and Adult Care Food Program, and Summer Food Service Program. This policy has been included in enacted appropriations laws since FY2015.¹⁹
- **Certain Types of Discrimination in the School Meals Programs.**²⁰ The enacted appropriation includes a provision (§768) that prohibits USDA from using the appropriated funds in a way that violates specific federal statute and regulations that bar discrimination against children eligible for free or reduced-price (F/RP) meals and prohibit certain stigmatizing practices.²¹ Specifically, the referenced statute and regulations prohibit schools from physically segregating F/RP-eligible children (e.g., through separate lunch lines) and overtly identifying children using special tokens, tickets, lists of names, or other means. The regulations also

of the date of this report, the 115th Congress has not resumed reauthorization activity. Current operations and legislative activity are discussed in CRS Report R44373, *Tracking the Next Child Nutrition Reauthorization: An Overview.*)

¹⁹ In 2017, China exported nearly 500 pounds of processed chicken that was sourced from other countries. China has not exported any poultry to the United States in 2018. USDA’s Food Safety and Inspection Service issued a proposed rule in June 2017 that recognizes the equivalency of China’s poultry slaughter system. Once finalized, China would be able to export processed poultry that is domestically raised. For more information, see CRS In Focus IF10148, *Chicken Imports from China.*

²⁰ For further background on treatment of unpaid meal debts and “lunch shaming” in the school meals programs, see “Selected Current Issues in the USDA Child Nutrition Programs” in CRS Report R43783, *School Meals Programs and Other USDA Child Nutrition Programs: A Primer.*

²¹ The provision states that “None of the funds made available by this Act may be used in contravention of” Section 9(b)(10) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)(10)) and 7 C.F.R. §245.8.

prohibit schools from making F/RP-eligible children work in exchange for food or providing different types of food to these children.

Paid Lunch Equity. For school year 2018-2019, Section 775 of the enacted appropriation changes federal policy on the pricing of paid (full-price) meals. Included in the 2010 child nutrition reauthorization, and first implemented in the 2011-2012 school year, this policy required schools annually to review their revenue from paid lunches and to determine, using a calculation specified in law and regulation, whether paid prices had to be increased.²² The purpose of the calculation was to ensure that federal funding intended for F/RP meals was not instead subsidizing full-price meals. For school year 2018-2019, the enacted appropriation requires a smaller subset of schools—only those with a negative balance in their nonprofit school food service account as of January 31, 2018—to be subject to this calculation and potentially to be required to raise prices.

A Note on School Meals Nutrition Standards²³

Unlike recent appropriations laws, the enacted FY2018 appropriation does not include provisions specific to the updated nutrition standards for school meals.²⁴ For school year 2018-2019, the school meals programs (the National School Lunch Program and School Breakfast Program) are operating under an interim final rule that was published by FNS in November 2017.²⁵ The interim final rule: (1) allows states to exempt some school food authorities from the requirement that 100% of grain products must be whole grain-rich,²⁶ (2) prevents a further required reduction in sodium,²⁷ and (3) allows schools to offer flavored, low-fat milk. Recently, USDA published a final rule that applies to school year 2019-2020 and onwards.²⁸ The final rule (1) changes the whole grain requirement, requiring at least 50% of whole grains offered weekly in school meals to be whole grain-rich; (2) postpones the next sodium target and eliminates the final target;²⁹ and (3) allows schools to offer flavored, low-fat milk.

²² Section 205 of the Healthy, Hunger-free Kids Act of 2010 (P.L. 111-296) (an amendment to the Richard B. Russell National School Lunch Act codified at 42 U.S.C. 1760(p)). See, for example, USDA-FNS “Child Nutrition Reauthorization 2010: Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods,” October 24, 2011, <https://www.fns.usda.gov/guidance-paid-lunch-equity-and-revenue-nonprogram-foods>.

²³ The Healthy, Hunger-free Kids Act of 2010 (P.L. 111-296) established a timeline for USDA to update nutrition standards for school meal programs. The final rule was published in January 2012, and the updated nutrition standards phased in beginning in school year 2013-2014. For further background, see “Selected Current Issues in the USDA Child Nutrition Programs” in CRS Report R43783, *School Meals Programs and Other USDA Child Nutrition Programs: A Primer*.

²⁴ Previously, the FY2015 (P.L. 113-235), FY2016 (P.L. 114-113), and FY2017 (P.L. 115-31) appropriations laws made similar adjustments (using slightly different language) to whole grain and sodium requirements for school years 2015-2016, 2016-2017, and 2017-2018, respectively. The FY2017 law also included a provision that required USDA to permit states to grant special exemptions to serve flavored, low-fat milk.

²⁵ USDA-FNS, “Child Nutrition Programs: Flexibilities for Milk, Whole Grains, and Sodium Requirements; Interim Final Rule,” 82 *Federal Register* 56703, November 30, 2017, <https://www.federalregister.gov/documents/2017/11/30/2017-25799/child-nutrition-programs-flexibilities-for-milk-whole-grains-and-sodium-requirements>.

²⁶ Schools can apply for exemptions for one or more products if they can demonstrate hardship in meeting the whole grain-rich requirement. Schools with exemptions must maintain a 50% whole grain minimum, the requirement before school year 2014-2015.

²⁷ Specifically, the interim final rule continues Target 1 sodium limits in place of the scheduled Target 2 limits.

²⁸ USDA-FNS, “Child Nutrition Programs: Flexibilities for Milk, Whole Grains, and Sodium Requirements,” 83 *Federal Register* 63775, December 12, 2018, <https://www.federalregister.gov/documents/2018/12/12/2018-26762/child-nutrition-programs-flexibilities-for-milk-whole-grains-and-sodium-requirements>.

²⁹ Specifically, the final rule postpones Target 2 and eliminates Target 3 sodium limits.

WIC Program³⁰

Although WIC is a discretionary funded program, since the late 1990s the practice of the appropriations committees has been to provide enough funds for WIC to serve all projected participants.³¹

The enacted FY2018 appropriation provides \$6.175 billion for WIC; however, the law also rescinds available carryover funds from past years. This funding level is \$175 million less than the FY2017 appropriation. The enacted appropriation also includes set-asides for WIC breastfeeding peer counselors and related activities (“not less than \$60 million”) and infrastructure (\$14.0 million). These set-asides are approximately equal to FY2017 levels. In addition, the appropriation sets aside \$25 million for WIC’s contingency fund; these reserve funds are to remain available until expended.

The enacted appropriation (§724) rescinds \$800 million in prior-year (or carryover) WIC funds (reflected in **Table 1**). Both reported bills would also have rescinded carryover funds: H.R. 3268 (§741) would have rescinded \$600 million; S. 1603 (§741) would have rescinded \$800 million. The enacted appropriation’s explanatory statement indicates that “the agreement fully funds estimated WIC participation in fiscal year 2018.”

Commodity Assistance Program

The Commodity Assistance Program budget account supports several discretionary programs and activities: (1) Commodity Supplemental Food Program (CSFP), (2) funding for TEFAP administrative and distribution costs, (3) the WIC Farmers’ Market Nutrition Program (FMNP), and (4) special Pacific Island assistance for nuclear-test-affected zones in the Pacific (the Marshall Islands) and areas affected by natural disasters.

The enacted appropriation provides over \$322 million for this account, an increase of \$7 million compared to FY2017. The increase is for CSFP (+\$14 million) and TEFAP administrative costs (+\$5 million). In addition to this discretionary TEFAP funding, the law allows the conversion of up to 15% of TEFAP mandatory commodity funding (included in the SNAP account discussed above) to administrative and distribution costs.

The law keeps WIC FMNP at the FY2017 level, though the President’s budget requested no funding for this program.

Nutrition Programs Administration

This budget account funds federal administration of all the USDA domestic food assistance program areas noted previously; special projects for improving the integrity and quality of these programs; and the Center for Nutrition Policy and Promotion, which provides nutrition education and information to consumers (including various dietary guides).

³⁰ Further background on this program and related funding is provided in CRS Report R44115, *A Primer on WIC: The Special Supplemental Nutrition Program for Women, Infants, and Children*.

³¹ ERS, “Anecdotal Evidence Suggest That WIC Became Fully Funded Sometime in the Late 1990s,” in *The WIC Program: Background, Trends, and Economic Issues, 2015 Edition*, EIB-134, January 2015, p. 19.

The enacted appropriation provides nearly \$154 million for this account, a decrease of approximately \$17 million from FY2017.³² As in FY2017 and prior years, the law sets aside \$2 million for the fellowship programs administered by the Congressional Hunger Center.

Other Nutrition Funding Support

Domestic food assistance programs also receive funds from sources other than appropriations:

- USDA provides commodity foods to the child nutrition programs using funds other than those in the child nutrition account. These purchases are financed through post-transfer “Section 32” funds.³³ For example, about \$465 million out of a total of \$1.9 billion in entitlement commodity support for the National School Lunch Program in FY2017 came from outside the child nutrition account.³⁴
- The Fresh Fruit and Vegetable Program (FFVP) for selected elementary schools nationwide is financed with permanent, mandatory funding. The underlying law (Section 19 of the Richard B. Russell National School Lunch Act) provides funds at the beginning of every school year (July). In FY2017 and prior years, appropriations laws have delayed a portion of the funds (generally \$125 million) to the start of the next fiscal year (October 1). In the FY2018 appropriations law, this delay was not included, so for FY2018 USDA received both the full amount for the fiscal year (\$172 million) on July 1, 2018, and \$125 million that FY2017 appropriations had delayed until October 1, 2017. Therefore, funding for FFVP in FY2018 is higher than in previous fiscal years.
- The Food Service Management Institute (technical assistance to child nutrition providers, also known as the Institute of Child Nutrition) is funded through a permanent annual appropriation of \$5 million.
- The Senior Farmers’ Market Nutrition program receives nearly \$21 million of mandatory funding per year (FY2002-FY2018) outside of the regular appropriations process.³⁵

³² In FY2017, the appropriations law provided a \$17.7 million set-aside for FNS’s relocation and related expenses. These funds are available until expended.

³³ For further background, see CRS Report RL34081, *Farm and Food Support Under USDA’s Section 32 Program*.

³⁴ See USDA-FNS 2019 Congressional Budget Justification, p. 32-20, <https://www.obpa.usda.gov/32fns2019notes.pdf> and USDA-AMS 2019 Congressional Budget Justification, p. 21-91, <https://www.obpa.usda.gov/21ams2019notes.pdf>.

³⁵ Authorizing language at Section 4402 of the 2002 farm bill (P.L. 107-171), most recently amended by Section 4203 of the 2014 farm bill (P.L. 113-79), codified at 7 U.S.C. §3007.

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