

Office of the  
Legislative Fiscal Analyst

## **FY 2004 Budget Recommendations**

Joint Appropriations Subcommittee for  
Public Education

Child Nutrition Programs

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**1.0 Child Nutrition Programs**

**Summary**

Child Nutrition Programs are federal assistance programs with the purpose of offering high quality, nutritionally well-balanced meals and to develop nutrition awareness among students. The program offers low cost or free meals to children in public and non-profit private schools. The state contribution to the nutrition programs is roughly 15% of the overall funding, most of which is generated through the liquor tax.

The Child Nutrition staff provides technical assistance as requested by participants; develops an annual financial and staffing plan; provides free and reduced price meal policy; interprets state and federal regulations; and performs administrative and nutritional reviews in districts and institutions to assure compliance with state and federal regulations.

The Analyst recommends \$102,633,800 for the Child Nutrition Programs, including \$162,400 from the Uniform School Fund.

	<b>Analyst FY 2004 Base</b>	<b>Analyst FY 2004 Changes</b>	<b>Analyst FY 2004 Total</b>
<b>Financing</b>			
Uniform School Fund	162,400		162,400
Federal Funds	86,413,800		86,413,800
Dedicated Credits Revenue	16,000,000		16,000,000
Transfers - Interagency	57,600		57,600
<b>Total</b>	<u>\$102,633,800</u>	\$0	<u>\$102,633,800</u>
<b>Programs</b>			
Child Nutrition	102,633,800		102,633,800
<b>Total</b>	<u>\$102,633,800</u>	\$0	<u>\$102,633,800</u>
<b>FTE/Other</b>			
Total FTE	24.0	0.0	24.0

**2.0 Issues: Child Nutrition Programs**

**2.1 Sixth Special Session Legislative Action**

During special session held in December, the Legislature rescinded \$2,000 in ongoing Uniform School Funds from the Child Nutrition Programs. This reduction was mitigated through a one-time restoration. The Analyst's FY 2004 base reflects the ongoing reduction to the Child Nutrition Programs as originally approved by the Legislature.

**2.2 Reorganization of Sixth Special Session Action**

In addition to the reduction detailed above, the State Office of Education recommends transferring \$23,000 in ongoing Uniform School Funds from the Child Nutrition line item to the Education Contracts line item. With this transfer the total ongoing reduction in FY 2004 to Child Nutrition would be \$25,000.

To cover the reduction of \$25,000 the Emergency Food Assistance Program (TEFAP) will be reduced. TEFAP is a federal food service program that provides food assistance to needy Americans through the distribution of USDA commodities. Programmatic funds pay for transporting food to shelters and to administer the program. Currently, state funds provide for program administration, these funds will be replaced by federal funds.

**Recommendation**

The Analyst recommends transferring \$23,000 in ongoing Uniform School Funds from the Child Nutrition line item to the Education Contracts line item.

**Uniform School Fund .....(\$23,000)**

**3.0 Programs: Child Nutrition Programs**

**3.1 Child Nutrition**

**Recommendation**

The Analyst recommends an appropriation of \$102,633,800 for Child Nutrition Programs in FY 2004.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
<b>Financing</b>				
Uniform School Fund	162,400	162,400	162,400	
Uniform School Fund, One-time		2,000		(2,000)
Federal Funds	86,413,800	86,413,800	86,413,800	
Dedicated Credits Revenue	15,606,400	16,000,000	16,000,000	
Transfers - Interagency	57,600	57,600	57,600	
<b>Total</b>	<b>\$102,240,200</b>	<b>\$102,635,800</b>	<b>\$102,633,800</b>	<b>(\$2,000)</b>
<b>Expenditures</b>				
Personal Services	1,240,800	1,238,300	1,242,200	3,900
In-State Travel	18,700	18,800	18,800	
Out of State Travel	21,400	21,400	21,400	
Current Expense	794,400	794,600	794,600	
DP Current Expense	44,700	44,700	44,700	
Other Charges/Pass Thru	100,120,200	100,518,000	100,512,100	(5,900)
<b>Total</b>	<b>\$102,240,200</b>	<b>\$102,635,800</b>	<b>\$102,633,800</b>	<b>(\$2,000)</b>
<b>FTE/Other</b>				
Total FTE	26.0	24.5	24.0	(0.5)

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

**Purpose**

The federal child nutrition programs are authorized under the National School Lunch Act of 1946, the Child Nutrition Act of 1966, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The goal is to improve the nutritional well being of children, enabling them to reach their full potential. The following are the primary programs administered by the Child Nutrition Section at USOE, in accordance with USDA regulations.

- ▶ National School Lunch
- ▶ National School Breakfast
- ▶ Child and Adult Care Food
- ▶ Summer Food Service
- ▶ Special Milk
- ▶ Food Distribution
- ▶ Nutrition Education and Training
- ▶ After School Snacks

The fundamental nutrition programs are detailed below.

*National School Lunch Program*

The National School Lunch Program (NSLP) is the primary Child Nutrition Program. Four funding sources contribute to the NSLP, namely, Federal Funds, State Funds, USDA Commodities and Local Revenue. State funds are generated primarily by the liquor tax. State funding contributes roughly 12-13% to the total budget appropriation. Commodities include items such as meat, vegetables, cheese, and staples such as flour, oils etc., serving a dual need; support for the agriculture industry, and the nutritional needs of children.

Meals must meet the nutritional requirements of the “Dietary Guidelines for Americans,” published by the USDA and U.S. Department of Health and Human Services, providing for one-third of a child's daily nutritional requirements. Free and Reduced price lunches are available for children who meet certain guidelines detailed in section 4.1.

*National School Breakfast Program*

Schools have the option of participating in the School Breakfast Program. The same criteria used in determining the need for free or reduced price lunch is used for the breakfast program, see section 4.1.

The Severe Need Breakfast Program aids schools with 40% or more of their population qualifying for free or reduced price lunches. The program enables these children the opportunity to have at least two nutritionally balanced meals each day. The State Office of Education tracks which schools qualify for the program and notifies schools of their eligibility. Federal and local funds are used for the Regular and Severe Need Breakfast Programs.

*Special Milk Program*

Children who do not participate in the other nutrition programs, for example, children attending split-session kindergarten may participate in the Special Milk Program. The federal government provides a reimbursement for each half-pint of milk. Children are charged the difference between the reimbursement and the actual cost. Children not able to pay the difference may receive milk free of charge, the federal reimbursement covers the full cost of the milk in this instance.

*Summer Food Service Program*

Summer Food Service provides meals on a regular basis when school is not in session. To be eligible the school must show that 50% or more of their students were served free or reduced price meals. Once the need has been demonstrated, then all children who attend the school are eligible to participate in the program. The Summer Food Service Program is entirely federally funded.

*Food Distribution Program*

The USDA distributes food to institutions and programs that provide nutritional services to eligible persons. These programs include the National School Lunch Program, the Child and Adult Care Food Program and the Summer Food Service Program. Participating agencies enter into an annual agreement to receive commodities.

The Emergency Food Assistance Program (TEFAP) provides food and federal cash assistance to food banks, pantries and emergency shelters. Foods are distributed through local pantries to individuals in economic distress and for meal services at shelters. The cash assistance helps food banks defray the expense of administration of the program and in the storage and distribution of the food. The state appropriation supports state level administrative expenses, including warehouse receipt and some distribution to shelters.

## Performance Measures

The following table shows a historical comparison of child nutrition services. The table provides information for the major components of the child nutrition program, National School Lunch, National School Breakfast, Severe Need School Breakfast, Special Milk Program, and the Summer Food Service Program. Complete information may be found in the Financial and Statistical Summary of the Child Nutrition Programs produced by the USOE.

		<b>Child Nutrition Programs: Participation History 1998-2001</b>				
		<b>School Lunch</b>	<b>School Breakfast</b>	<b>Severe Need Breakfast</b>	<b>Special Milk*</b>	<b>Summer Food Service</b>
<b>2001</b>	Number of Sites	761	200	322	79	142
	Free	12,256,996	660,332	3,138,273	10,254	
	Reduced Price	5,555,501	191,753	554,653		
	Paid	27,356,060	468,120	565,295	197,938	
	<b>Total Meals Served</b>	<b>45,168,557</b>	<b>1,320,205</b>	<b>4,258,221</b>	<b>208,192</b>	<b>804,468</b>
<b>2000</b>	Number of Sites	748	194	312	75	144
	Free	12,128,651	545,778	2,972,686	10,508	
	Reduced Price	5,467,606	157,957	515,728		
	Paid	27,228,362	395,378	556,895	187,076	
	<b>Total Meals Served</b>	<b>44,824,619</b>	<b>1,099,113</b>	<b>4,045,309</b>	<b>197,584</b>	<b>868,217</b>
<b>1999</b>	Number of Sites	740	172	291	67	137
	Free	11,952,252	525,110	2,841,658	4,469	
	Reduced Price	5,463,971	141,640	467,924		
	Paid	26,955,975	329,374	494,497	157,955	
	<b>Total Meals Served</b>	<b>44,372,198</b>	<b>996,124</b>	<b>3,804,079</b>	<b>162,424</b>	<b>885,874</b>
<b>1998</b>	Number of Sites	740	178	297	61	132
	Free	11,774,069	498,262	2,740,913	6,950	
	Reduced Price	5,254,619	124,356	427,062		
	Paid	26,070,421	296,253	494,761	198,968	
	<b>Total Meals Served</b>	<b>43,099,109</b>	<b>918,871</b>	<b>3,662,736</b>	<b>205,918</b>	<b>879,604</b>

\* Figure represents the number of 1/2 pints of milk served, either received free or paid.

## 4.0 Additional Information: Child Nutrition Programs

### 4.1 Funding History

	2000	2001	2002	2003	2004
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
Uniform School Fund	164,400	167,300	162,400	162,400	162,400
Uniform School Fund, One-time				2,000	
Federal Funds	72,285,700	72,245,900	86,413,800	86,413,800	86,413,800
Dedicated Credits Revenue	13,916,400	14,696,300	15,606,400	16,000,000	16,000,000
Transfers - Interagency			57,600	57,600	57,600
<b>Total</b>	<b>\$86,366,500</b>	<b>\$87,109,500</b>	<b>\$102,240,200</b>	<b>\$102,635,800</b>	<b>\$102,633,800</b>
<b>Programs</b>					
Child Nutrition	86,366,500	87,109,500	102,240,200	102,635,800	102,633,800
<b>Total</b>	<b>\$86,366,500</b>	<b>\$87,109,500</b>	<b>\$102,240,200</b>	<b>\$102,635,800</b>	<b>\$102,633,800</b>
<b>Expenditures</b>					
Personal Services	1,153,300	1,168,300	1,240,800	1,238,300	1,242,200
In-State Travel	19,800	20,600	18,700	18,800	18,800
Out of State Travel	19,900	13,100	21,400	21,400	21,400
Current Expense	1,250,700	1,204,900	794,400	794,600	794,600
DP Current Expense	27,900	7,900	44,700	44,700	44,700
DP Capital Outlay	14,000				
Other Charges/Pass Thru	83,880,900	84,694,700	100,120,200	100,518,000	100,512,100
<b>Total</b>	<b>\$86,366,500</b>	<b>\$87,109,500</b>	<b>\$102,240,200</b>	<b>\$102,635,800</b>	<b>\$102,633,800</b>
<b>FTE/Other</b>					
Total FTE	26.0	25.5	26.0	24.5	24.0

\*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

### 4.2 Child Nutrition Programs: Free and Reduced Price Guidelines

#### Federal Guidelines

Children whose household income is at or below 130 percent of federal poverty guidelines may receive school meals at no charge. Children are entitled to pay a reduced price (a maximum of 40 cents for lunch, 30 cents for breakfast and 15 cents for a snack) if their household income is above 130 percent but at or below 185 percent of these guidelines. Children are automatically eligible for free school meals if their household receives food stamps, benefits under the Food Distribution Program on Indian Reservations or, in most cases, benefits under the Temporary Assistance for Needy Families (TANF) program.

#### Eligible Household Income Guidelines

All income actually received by the household is counted in determining eligibility for free and reduced price meals. This includes salary, public assistance benefits, social security payments, pensions, unemployment compensation etc. The only exceptions are benefits under Federal programs which, by law, are excluded from consideration; in-kind benefits, such as military on-base housing, certain kinds of assistance for students and irregular income from occasional small jobs such as baby-sitting or lawn mowing.