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IMPROVING NUTRITION FOR AMERICA'S CHILDREN IN DIFFICULT ECONOMIC TIMES

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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IMPROVING NUTRITION FOR AMERICA'S CHILDREN IN DIFFICULT ECONOMIC TIMES

Wednesday, March 4, 2009

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC

The committee met, pursuant to notice, at 9:36 a.m., in room 216, Hart Senate Office Building, Hon. Tom Harkin, Chairman of the committee, presiding.

Present or submitting a statement: Senators Harkin, Casey, Klobuchar, Bennet, Chambliss, and Thune.

STATEMENT OF HON. TOM HARKIN, U.S. SENATOR FROM THE STATE OF IOWA, CHAIRMAN, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Chairman HARKIN. The Senate Committee on Agriculture, Nutrition, and Forestry will come to order.

We welcome everybody here. It looks like there is a little bit of interest maybe in the topic we are on this morning.

Today's hearing continues this committee's ongoing efforts to address issues in child nutrition and health. In our first hearing in December of last year, I spoke very bluntly about the real and damaging long-term health problems that we face in this country. Overweight, obesity, even among our children have reached epidemic levels in America, raising the specter that our children will have shorter life spans than we have for the first time in history.

Compounding these problems is a health care system that is ill-equipped to prevent disease. I feel we must reorient our health care system so that it focuses on preventing diet-related illnesses and promoting good nutrition and wellness.

As the witnesses in our last hearing outlined very clearly, USDA's Child Nutrition Programs are a tremendous opportunity to make a lasting impact on the nutrition and eating habits of our children. A stronger targeted investment in those programs must be a part of a comprehensive Federal response to poor nutrition among our children.

Our witnesses today will present us with some of the particular challenges and opportunities that we face in improving child nutrition, both when kids are in school and when they are not.

Again, I emphasize that we must start early. The WIC Program has long been one of our nation's most effective public health programs and has proven itself time and time again. Our child care settings also present us with a unique and often overlooked oppor-

tunity to reach children before they enter kindergarten and expose them to the right kinds of foods and eating habits.

With over 30 million kids eating federally assisted lunches, the National School Lunch Program is perhaps our best opportunity to improve child nutrition and health. Research has shown that children who eat school lunches have higher intakes of a range of essential vitamins and minerals than children who consume lunches from other sources.

However, while the quality of school meals has gradually improved over the years, much work remains to be done to bring them in line with the dietary guidelines. We know, for example, that two-thirds of elementary schools offer meals that exceed the standards for saturated fat, which is commonly linked to heart disease.

One of the solutions is to improve school meals, offering foods that have more of the kind of what I call the good stuff, the vitamins and minerals, less of the bad stuff, less sugar, sodium, fats. That means more low-and no-fat milk, leaner meats, whole grain products, fruits and vegetables, particularly fresh fruits and vegetables.

Now, while that may seem like an easy recommendation in principle, many school districts will tell you that it is much more difficult to put this into practice for a variety of reasons, one of them being cost. Fresh fruits and vegetables and whole grains tend to cost more than the less-healthful alternatives, so it is not surprising that some school food service directors find it difficult to offer these foods given their limited budgets, budgets which are stretched thin, and especially in an economic downturn.

That being said, there are school districts out there that are working within their current budget and still going the extra mile for their kids by creating an overall nutrition environment. This teaches kids the importance of eating healthy, provides more healthful meals for them to eat, encourages healthy living by requiring regular physical activity and education. We will hear testimony today from one of those from my home State of Iowa, in Knoxville.

Perhaps the most important question that it raises for this committee is how Congress can best help places like Knoxville to continue their good work and to help other districts to emulate what they are doing. One welcome sign of help came in the President's recently released budget in which the President proposed $1 billion per year in additional funding for child nutrition. This is a strong indication of how serious the new administration is about ending childhood hunger and teaching healthy eating habits at an early age. Now Congress must make good on this proposal by dedicating real resources in our budget.

A significant investment in the Child Nutrition Reauthorization by Congress would be its own downpayment on comprehensive health care reform that would acknowledge the very real budget difficulties that school districts, day care centers, and other providers face while also ensuring that kids are getting the most balanced, nutritious meals possible. I have said many times, and I will keep saying it, that if we are going to have meaningful health re-

form in this country, what our kids eat and how they exercise and whether they exercise is a big part of health reform in this country.

So I look upon our challenge this year in this committee to reauthorize the child nutrition bill as being a part of the whole health care reform in America by getting to these kids early in life and making sure they get the best possible foods and exercise.

So I look forward to working with my Ranking Member and good friend, Saxby Chambliss, and all the members of this committee to get a good child nutrition bill that both does the right funding levels, but also perhaps does some redirection and guidance and support for healthier meals in our schools, in our child care centers, in our adult care facilities, and also in the Women, Infants, and Children Supplemental Feeding Program.

[The prepared statement of Hon. Tom Harkin can be found on page 50 in the appendix.]

Chairman HARKIN. With that, I will turn to our Ranking Member, Senator Chambliss.

STATEMENT OF HON. SAXBY CHAMBLISS, U.S. SENATOR FROM THE STATE OF GEORGIA

Senator CHAMBLISS. Thank you very much, Mr. Chairman.

Let me first of all thank our witnesses for being here to help us deal with this critical issue of reauthorizing our Child Nutrition Program. I want to particularly welcome my school nutrition folks from Georgia who are here and who do such a great job of making sure that Georgia's children are prepared to be educated.

Mr. Chairman, I want to thank you for holding this hearing today and I appreciate the bipartisan approach that we have taken on nutrition issues in the past and look forward to continuing to work together as we reauthorize the Child Nutrition Programs.

I would like to thank today's witnesses for their thoughtful testimony regarding school meals, the Summer Food Service Program, the Special Supplemental Feeding Program for Women, Infants, and Children, and the Child and Adult Care Feeding Program. These programs have a proven track record of not only alleviating hunger in the United States, but also improving the nutritional intake of children and their families.

Given the current state of our nation's economy, we are seeing increased demand for these programs. Many times, the School Breakfast and Lunch Programs are the only source of food for many students. Today's witnesses will shed important light on the challenges that that program faces in providing healthy meals on a day-to-day basis.

As we strive to improve the country's nutrition safety net, the committee values and depends on the testimony from experts on the front lines of the fight against hunger. I know from the schoolteachers in my family of the importance of good nutrition. Good nutrition is not only important for good health, but also for proper cognitive development.

According to the Georgia Department of Education, over 1,177,000 lunches and 499,000 breakfasts are served each day in Georgia schools. I applaud the dedication of school nutrition providers and their efforts to feed kids healthy meals and recognize

the very early and significant influence they have in developing good nutrition habits in school children.

As the Agriculture Committee moves forward in the reauthorization process, my goal is to ensure that all eligible children can easily access these important nutrition programs. I believe that all of us on the committee also share the goal of better utilizing these programs as tools to improve nutritional intake as well as combat hunger.

And just in closing, let me say that we made a number of changes in the School Lunch Program in our farm bill and we tried to make sure that we could take advantage of a lot of local situations in providing fruits and vegetables at the local level for our school nutritionists. We hope that with the implementation of that program, that all of our child nutrition folks across the country, both in schools and out of schools, are going to be able to take advantage of that and make sure that not only children benefit, but when the children benefit from that program, farmers benefit from it. So it is simply a win-win proposition that we inserted in the farm bill and we look forward to seeing the implementation of that as we move ahead.

Mr. Chairman, I look forward to hearing from our witnesses. Thank you.

Chairman HARKIN. Thank you very much, Senator Chambliss.

Did you have anything, Senator Bennet?

STATEMENT OF HON. MICHAEL F. BENNET, U.S. SENATOR FROM THE STATE OF COLORADO

Senator BENNET. Mr. Chairman, thank you. I just want to say thank you to you for holding this hearing. Thanks for having me. I am telling you, as a former school superintendent and the father of three school-age kids, I know how important this is. Kids can't learn if they are hungry during school. So I feel like it is very appropriate that this is my first hearing with you and I would just ask that the remainder of my opening statement be included in the record.

[The prepared statement of Hon. Michael F. Bennet can be found on page 52 in the appendix.]

Chairman HARKIN. Thank you very much, Senator Bennet, and welcome to the committee. It is going to be a good year and we are on something that you can help us a lot on because of your experience as being a former superintendent, on this whole issue of school lunches and school breakfasts, so we look forward to your involvement in the development of this reauthorization bill.

We will turn to our first panel. Dr. Katie Wilson has been a School Food Service Director for 21 years, has a Bachelor's degree in dietetics, a Master's degree in food science nutrition, and a Ph.D. in food service. Katie recently served as the Chair for the School Nutrition Association Nutrition Standards Task Force, developing nutrition standards for reimbursable meals and foods sold outside the meal program throughout the school day. Dr. Wilson is presently serving as President of the School Nutrition Association and she hails from Onalaska, Wisconsin.

Next will be Dr. Susan Bartlett, a Senior Associate with Abt Associates, a public policy research and consulting firm. Dr. Bartlett

has over 30 years of experience conducting policy research on national and State programs designed to assist low-income individuals and families. She has directed numerous studies of USDA's Food and Nutrition Assistance Programs, including the National School Lunch and School Breakfast Programs, Supplemental Nutrition Assistance Program, the Food Stamp Program, and the WIC Program. Dr. Bartlett holds a Ph.D. in urban and regional studies from MIT.

Next will be Connie Boldt, who has served as the School Food Service Director for the Knoxville Community School District in Knoxville, Iowa, for the past 12 years. Prior to joining that school district, she was the Director of Catering Services at Central College in Pella, Iowa. She graduated from Central College and received her graduate degree from Iowa State University in 1986.

We welcome you here. Your statements will be made a part of the record in their entirety and we would ask if—the clock probably says 5 minutes, but if it goes to seven or eight, that is fine, but if you keep it between five and 10 minutes, I would certainly appreciate it so we can kind of have a give and take.

We will go in the order in which I just announced, so we will start with you first, Dr. Wilson. Welcome and thank you for your service as President of the School Nutrition Association.

STATEMENT OF KATIE WILSON, SCHOOL NUTRITION DIRECTOR, ONALASKA PUBLIC SCHOOLS, ONALASKA, WISCONSIN

Ms. WILSON. Thank you. Chairman Harkin, Senator Chambliss, and members of the committee, I am Dr. Katie Wilson, President of the School Nutrition Association and a School Nutrition Director in Onalaska, Wisconsin. With me today is our SNA executive team, our legal counsel, Marshall Matts, and as you see, a number of my colleagues.

We are meeting here at a time of unprecedented economic challenge for our country. School food programs are a key part of the vital safety net for a growing number of our school children. For some students, school breakfast is the first meal they have eaten since the day before. There are students who come to school on Monday not having eaten since Friday.

As a country, we have gone from discussing millions to billions to trillions of dollars, simply overwhelming for most of us, yet at the same time, each of us in a Child Nutrition Program sit at our desks and struggle to balance pennies. The average cost of producing a school lunch is $2.92, based on our internal study. Currently, local schools receive a Federal reimbursement of $2.57 for every lunch provided to a child with income below 130 percent of the poverty line. On average, our reimbursement for a free meal is 35 cents less than it costs to produce that meal. It is hard to believe, but many families cannot afford the 40 cents for lunch or the 30 cents for breakfast that is charged for a reduced-price meal. We see checks for just a few dollars that are returned due to insufficient funds.

While we have dramatically improved the appeal and nutritional quality of school meals, there are no Federal guidelines for foods and beverages sold by schools outside the cafeteria. This can take the emphasis off nutrition. We are adding more fruits, vegetables,

and whole grains to both reimbursable and competitive food offerings, but this further increases the cost of preparing those meals. We need the money to offset these costs.

School administrators are also short of funds and are therefore charging School Nutrition Programs more and more of the overhead costs of running the entire school. This is called an indirect cost of the program. In short, money that you appropriate for school meals may be used for energy, telephones, or even personal costs in a principal's office. Neither the statute nor the regulations put any cap on indirect costs, and some districts pay as much as 15 to 18 percent of their budget.

Free and reduced-price meal certification is used for many services provided in the school, including Title I funding, yet the school food service account pays the full cost of collecting and keeping that information.

Mr. Chairman, as you approach reauthorization, we ask the Congress to take a comprehensive look at the Federal Child Nutrition Programs and realize that we are struggling with competing needs and policy goals.

We support a consistent national interpretation of the dietary guidelines for two reasons: Science and cost considerations. All children need the same nutrients to grow no matter where they live in this country—Iowa, Georgia, or California. Why would we allow 50 or more different interpretations of the dietary guidelines when it comes to the National School Lunch and Breakfast Programs? When USDA changes the meal guidelines, all vendors change their specifications to accommodate the latest science. If, however, there are 50 different markets and not just one, it greatly increases the cost of doing business. This increased cost is passed on to my program. We also would like to see, first and foremost, the increased reimbursement for all lunches served by 35 cents and 20 cents for breakfasts. We need the Federal reimbursement rate to be updated twice a year to keep pace with inflation, as opposed to the current annual adjustment. Many vendors escalate their prices monthly.

The free meal program should be expanded to include all children who fall below the WIC income guidelines, or 185 percent of the poverty level. If the family qualifies for WIC, they should qualify for free meals.

Lastly, ten cents in USDA commodities for each Breakfast Program is needed. We receive about 20 cents in commodities for each school lunch, but there is no commodity support for breakfast.

Considering nutrition standards, whatever that standard is, it must be applied consistently throughout the school environment. Students must not be allowed to be able to buy something in the gym that we cannot sell in the cafeteria. This is a conflicting message about what is healthy.

In addition, we ask that you require USDA to implement the Dietary Guidelines for Americans in a practical and consistent manner all over the country. We know we are asking for a lot, and we realize that it makes your life more complicated, but our children need this in order to be well nourished and prepared to learn.

In closing, we would like to thank the Senate for its leadership in providing recent equipment assistance funding. While school nutrition personnel are great innovators in serving wholesome foods,

they cannot efficiently serve meals if our equipment is obsolete or in need of repair.

Mr. Chairman, we have attempted to outline a few funding issues and other priorities today. We will provide staff with a list of administrative changes that could make the programs more effective and easier to administer. We greatly appreciate this hearing and your commitment to our children and child nutrition. The time to act is now and the funding is imperative. Thank you.

[The prepared statement of Ms. Wilson can be found on page 98 in the appendix.]

Chairman HARKIN. Thank you very much, Dr. Wilson.

Now we will turn to Dr. Bartlett. Dr. Bartlett, welcome. Please proceed.

STATEMENT OF SUSAN BARTLETT, SENIOR ASSOCIATE, ABT ASSOCIATES, CAMBRIDGE, MASSACHUSETTS

Ms. BARTLETT. Thank you, Mr. Chairman, for the opportunity to address this committee. My name is Susan Bartlett and I am a Senior Associate at Abt Associates, headquarters in Cambridge, Massachusetts. Abt Associates is a public policy research and consulting firm that applies scientific research, consulting, and technical expertise to a wide range of issues in social, economic, and health policy.

Under contract to the Food and Nutrition Service in the Department of Agriculture, Abt carried out the School Lunch and Breakfast Cost Study II, which was designed to estimate the national average cost of producing reimbursable meals in the National School Lunch Program and the School Breakfast Program. The study, which was carried out during the school year 2005 to 2006, provides a detailed examination of the cost of producing reimbursable meals in the school meals program and was designed to allow FNS to assess the adequacy of reimbursement rates. Today, I would like to present key findings from this study.

The study was carried out in a nationally representative sample of 120 school food authorities across the United States. Within these districts, we selected a representative sample of approximately 350 schools and collected extensive data on the costs and revenues associated with producing school meals through reviews of financial statements, meal production records, recipes, invoices, observations of meals taken by students, and interviews with SFA and school district officials.

The study examined the costs of meals charged to the SFA's accounts, or the reported cost. It also examined the unreported costs, which are the costs incurred by the school district in support of SFA operations but not charged to the SFA account. Together, the reported costs plus the unreported costs represent the full costs of meal production.

I think one point about the methodology that should be noted here, because I think we may discuss it more later, is that the methodology allocates the SFA administrative costs and overhead to all production, so including lunches, breakfasts, and non-reimbursable meals, which includes competitive foods.

So key findings from the study. No. 1, in most SFAs, the reported costs of producing lunches were less than the Federal subsidy for

free lunches. The national mean cost of producing a reimbursable lunch in the 2005 to 2006 school year was $2.36 and the subsidy for free lunches at the time, which includes the cash as well as commodity assistance, was $2.51. As a result, in almost 80 percent of SFAs, the reported cost was less than the Federal subsidy.

However, in contrast, in most SFAs, the reported costs of producing reimbursable breakfasts were greater than the Federal subsidy. The national mean cost of a reimbursable breakfast was $1.92, again in 2005 to 2006, compared to the severe need reimbursement rate of $1.51. As a result of this, in almost two-thirds of the SFAs, the cost of producing breakfast exceeded the reimbursement. In only a third of the SFAs the costs were less than the subsidy.

For the average SFA, revenues from reimbursable meals exceeded the reported costs of producing those meals. On average, revenues exceeded costs by about 15 percent. In contrast, revenues from non-reimbursable meals fell short of the cost of producing those meals by approximately 30 percent. While reimbursable lunches and breakfasts taken together generated a surplus, this is due entirely to the surplus generated by reimbursable lunches.

Consistent with the relationship between the subsidy rate and the reported meal costs, revenues from reimbursable lunches exceeded costs of producing them by an average of 16 percent. Revenues from breakfasts fell short of the cost of producing those meals by an average of 4 percent.

If we look at the full cost of producing school lunches, we come to somewhat different findings. Nearly all school districts provide in-kind goods and services to SFAs that are not charged to school food service accounts and therefore go unreported. In most SFAs, the full cost of producing reimbursable lunches, including these unreported costs, exceeded the costs. In 68 percent of the SFAs, the full cost of a reimbursable lunch was more than the subsidy.

Looking across all school meals programs, the SFA revenues fell considerably short of covering these full costs. On average, revenues covered just over 80 percent of full costs. Costs exceeded revenues for reimbursable lunches, breakfasts, as well as competitive meals programs.

Those are the key findings on our cost findings. Thank you very much, and I would be happy to answer any questions on methodology or results.

[The prepared statement of Ms. Bartlett can be found on page 54 in the appendix.]

Chairman HARKIN. Thank you very much, Dr. Bartlett.

Now we will turn to Ms. Boldt.

STATEMENT OF CONNIE BOLDT, SCHOOL FOOD DIRECTOR, KNOXVILLE COMMUNITY SCHOOL DISTRICT, KNOXVILLE, IOWA

Ms. BOLDT. Good morning, Chairman Harkin, Senator Chambliss, and members of the committee and other guests. Thank you for giving me the opportunity to tell you about the Knoxville Community School District's experience with the HealthierUS School Challenge.

I am Connie Boldt, the Food Service Director for the district, located in Knoxville, Iowa. Knoxville is located in south-central Iowa with a population of approximately 10,000. The school district has five buildings and serves about 1,600 lunches daily.

Knoxville's elementary schools, East, West, and North Star, each receive the HealthierUs School Gold Award. The Knoxville School District, supported by the Board of Education and the administration, promotes healthy lifestyles for students, staff, and families. The district feels this is a part of the total learning environment and will contribute to academic achievement as well as positive lifestyles.

Serving healthy meals that students will eat isn't the easiest thing to do. It requires money and time. But the benefits for classroom achievement and healthy lifestyles are more than enough to make the effort.

When mandated, the district developed a wellness policy by convening a committee with strong convictions to improve students' lifestyles. It addressed many areas, including physical and nutrition education, support for parents' efforts toward healthy lifestyles, staff health and wellness, National School Lunch and Breakfast Programs, and competitive foods. Written into our wellness policy were specific requirements for all food in all grades, K through 12, including a la carte, breakfast, and lunch.

The Wellness Committee's requirements for school meals included, but were not limited to, offer a variety of fruits and vegetables, with an emphasis on fresh, and serve whole grains whenever possible, with a goal of at least half by 2008–2009. Even though I was a member of the committee, as a Food Service Director, I was concerned that these requirements were challenging and too vague. I was also concerned about the overall cost to the program and how I was going to do this.

The wellness policy went into effect for the 2006–2007 school year. Implementation of the wellness requirements was phased in. We started by adding one fresh fruit or vegetable to every lunch menu. We used common fruits and vegetables, like apples, oranges, and carrots. Popularity of the fresh foods increased over time and we now include more seasonal produce, such as melons, kiwis, green peppers, and cucumbers. These additions were welcomed by our kids and staff.

Then came our School Meals Initiative Review in December of 2006. Our Department of Education consultant, Jane Heikenen, introduced me to the HealthierUS School Challenge. This certification program recognizes elementary schools that take a leadership role in helping students learn to make healthy eating and active lifestyle choices. Given our district's commitment, these guidelines appeared to be the missing link to our wellness policy.

To achieve the Gold Award, a number of criteria had to be met, including school lunches that demonstrate healthy menu planning practices and principles of the Dietary Guidelines for Americans; nutrition education activities in at least two grades; physical activity opportunities at every grade level; student average daily participation of 70 percent or greater; and competitive foods could not be sold on the elementary campus during the school day.

So in early 2007, we started working toward the guidelines by testing whole grain recipes that we could produce. Second, we modified our current school recipes to include more grains. These changes were well accepted and possibly some not even noticed. During the past 2 years, we also found that we must handle these products differently. The whole grain does not seem to have a long shelf life and quickly becomes stale, thus encountering more waste and increased costs.

Also in the fall of 2000, we increased legume menu items. In other words, this meant more beans. We now offer baked beans, refried beans, kidney beans in chili, and commodity pinto beans in taco meat at least once a week. We started with about 5 percent choosing more legumes and now have increased to about 15 or 20 percent of our students making that choice.

While food service was working on food served, the principals and elementary teachers worked on the physical and nutrition education requirements. I was pleased to learn that our district had met these requirements without modification.

The final criterion to be met was 70 percent average daily participation, and in October of 2007, the elementary schools averaged 81 percent.

We did it. In July of 2008, we learned we had achieved the Gold Award. Even though we have a Gold Award, we continually look for new ways to incorporate the foods that support the HealthierUS School Challenge into our menus, curriculum, and daily lives of our students.

However, increased food costs will make reapplying for the HealthierUS School Challenge more difficult in the future. In fact, the implementation of the HealthierUS School Challenge criteria came with an increased cost. Some items were as high as 76 percent more than the traditional item we were purchasing. In addition, not only has the cost of fresh fruits and vegetables increased, the labor to prepare them has also increased. I now figure about ten to 20 cents more per serving.

Finally, the banner in the hall we received is really awesome and the plaque in the school is quite impressive, but we didn't do it for the plaque or the banner. We did it for the sake of the kids, and I am proud of the Knoxville Elementary Schools for having achieved this. But as I said before, serving healthy foods is not without a cost and my budget is suffering.

Please help us implement this great opportunity to serve children nutritious foods in more schools throughout the Nation by supplementing reimbursement. It costs more money to prepare and serve the meals at Knoxville Schools than what we receive in reimbursement. I support the SNA's request for an additional 35 cents for all lunches and 20 cents for all breakfasts served. In addition, I think the HealthierUS School Challenge should receive money to support their commitment to fresh fruits and vegetables and whole grains.

Thank you for giving me this opportunity to share our experience with the HealthierUS School Challenge. It has made a difference.

[The prepared statement of Ms. Boldt can be found on page 72 in the appendix.]

Chairman HARKIN. Ms. Boldt, thank you very much for the testimony and for great leadership. I am sure we will have some questions for you.

I would like to start this round of questioning by looking at the cost and reimbursement. This is something we grapple with a lot here, too, and I think all of us here are interested in making sure that we adequately reimburse schools, but we have to have a better handle on what that means. So I am struck by the very different testimony here between you, Dr. Wilson, and Dr. Bartlett, with respect to the costs of producing a reimbursable meal.

Dr. Bartlett suggests that, by and large, the Federal reimbursement for a free meal is sufficient to cover its cost—correct me if I am wrong on that. Dr. Wilson concludes the opposite finding, a 35–cent gap between reimbursement and production costs. So I would like to try to see if we can figure out why we have such a significantly different conclusion from two very qualified individuals. That is one thing.

And then on competitive foods, with respect to non-reimbursable meals, such as a la carte lines, again, the testimony concludes very different things. Dr. Wilson, you say that you need the money from competitive foods to cover gaps in the school food service budget. Dr. Bartlett, your study found that such foods such as a la cartes are actually the reason for those budget gaps and that Federal reimbursement for free lunches are subsidizing food provided through a la carte lines.

I would like to try to examine this and see if we can get to the bottom of this because it has very significant policy ramifications here for us. So, again, without trying to pick one or the other, I don't know, I am just trying to figure out why we have such different conclusions here.

Dr. Wilson, how do you square your testimony on the costs of competitive and a la carte foods in light of the fact that the testimony from Dr. Bartlett arrives at conclusions that are almost totally different from your own? And I am going to ask Dr. Bartlett the same question, too.

Ms. WILSON. OK. Well, thank you for the chance to answer that question. First of all, I think that in the reimbursement rate for the reimbursable meal and the 35 cents that we are talking about, I do have some State statistics, one from Minnesota in itself that shows overall in the State of Minnesota, it is $2.99 average to prepare and serve that meal.

I think sometimes what happens is the data—for instance, from 2005–2006 is when the study was done and the data may have been from that year or even a year later, I will cede to Dr. Bartlett to let us know that, but just from the year 2005–2006 to today's environment, I see a drastic increase in costs in my program, the whole grains, the fruits and vegetables, my labor costs, which Ms. Boldt referred to. Labor costs have gone up also considerably in our programs, and so the gap continues to rise. Even from 2005–2006 to the 2008–2009 school year, the gap is getting bigger and bigger and bigger.

This year is the very first year many of us saw fuel costs on our invoices, saw bread and milk bids that said, you know what? We can raise your prices within a 30–day notice, and that is a bid, so

based on the price of commodities the bid price can go up. I have been in the business 21 years and have never seen those things on bids before or on invoices.

Chairman HARKIN. Tell me, what was the reimbursement rate in 2006 and 2007 when this study was done and what is the reimbursement rate today.

Ms. WILSON. In 2005–2006?

Chairman HARKIN. Yes.

Ms. WILSON. Do you have the numbers or rate?

Chairman HARKIN. What was the reimbursement rate?

Ms. WILSON. The reimbursement rate was $2.51, which was cash of about $2.37 and commodities of, like, 17 or 18 cents.

Chairman HARKIN. So two-fifty——

Ms. WILSON. One, including cash and commodities, yes.

Chairman HARKIN. Two-fifty-one. And today it is what? What is the reimbursement rate?

Ms. WILSON. Well, we have $2.57 plus about 20 cents, 21 cents in commodities.

Chairman HARKIN. So it is $2.77——

Ms. WILSON. Mm-hmm.

Chairman HARKIN [continuing]. Is the reimbursement rate. So the reimbursement rate has gone up, so even though your costs have gone up, the reimbursement rates have gone up, too.

Ms. WILSON. But I don't think they have kept pace with labor, particularly labor and food costs.

Chairman HARKIN. What you are saying is that this snapshot, this study that was done in 2006–2007, is that when it is? Is that the basis?

Ms. BARTLETT. Five-six.

Chairman HARKIN. Two-thousand-five and 2006. What your point is is that since that time—we are talking about 2 years, three maybe, 3 years—that the increase in the costs have far exceeded the increase in the reimbursement rate?

Ms. WILSON. Yes, sir, that is——

Chairman HARKIN. So the reimbursement rate went up about 10 percent, just my back-of-the-envelope figuring, 10 percent. Do you have any data on how much the other associated costs have gone up in those 3 years, that period of time?

Ms. WILSON. Well, I know some of the studies—we studied the top 100 districts in the country and some of those costs—and we can get you exact data, but I know even from my own personal experience, it is anywhere from 11 to 14 percent in costs that I have experienced in the 2008–2009 school year, and that includes labor and food costs.

And then the indirect costs, also, as schools have begun to—I know we talked about in-kind costs that school districts provide for the Food Service Program. In 2005– 2006, schools weren't as pinched as they are now overall, and so as school districts themselves see their budgets shrinking and needing to do more and more with less, they are looking to the Food Service Program to provide more and more indirect costs to help them run the entire school program rather than just food service. So there are not so many of those in-kind gifts anymore as we see in our programs.

Chairman HARKIN. Dr. Bartlett, I will ask you the same question. How does your data that you have are really different than what the data I have heard from Dr. Wilson?

Ms. BARTLETT. Sure. Indeed, the study was based on 2005 to 2006 data, so things could have changed over time, all the things that we have talked about.

A couple of points. One, the study that we did was a nationally representative sample, so we sampled districts across the country and when things are weighted up, it looks like the entire country, not just restricted to, say, the largest districts.

I think I can tell you what we did, and I think this, though, is probably the main point of difference, is that—and it has to do with allocating the administrative and overhead costs of meal production. When we look at reported costs, we look at all the expenses that are on an SFA's expense statement. Some of those costs are directly related to food production, the costs of the food, the costs of the cooks to prepare the meals. So those get directly allocated to the meals that they are attributable to.

But then there are costs like the SFA director, secretary, things like that, warehousing of foods, those kinds of administrative costs that are part of food service, or belong to food service, but not directly attributable to any one given meal. So the question is how to allocate those.

We followed what are considered generally accepted accounting practices and we allocate those non-production costs across lunches, breakfasts, and non-reimbursable foods. So they each pay a share based on the food and labor that—the direct production labor. So I think that kind of loading of the overhead costs across all meals may be one of the major differences.

Chairman HARKIN. So it seems to me that the real, I don't want to say culprit here, but the real question we have to get at is these indirect costs. Is that right or not? Is that the main difference we are seeing here, is how you allocate those indirect costs?

Ms. WILSON. Well, I think that, if I could answer that, the thing is that when we set up our budget, and if we are warehousing our food or if we are working my salary, for instance, is also set up across—the budget is separate. The competitive foods or a la carte, breakfast, and school lunch all have separate line items in my budget, the costs and the revenues, and so that is broad-based. My secretary is broad-based over those.

And when we talk about some of the indirect costs, I am talking about all of a sudden, because you store your food in the warehouse and you have a quarter of that warehouse, the district, because they are so pinched for finances, decides the Food Service Program can just pay for the entire cost of the warehouse and everybody who is running the warehouse, whether it stores desks or paper or supplies for the school building, and then a quarter of it might store some food over in the corner.

We know people that pay for maintenance people that really have nothing to do with food service. They might mop the building that the kitchen is attached to. And so as these costs are pinching districts, they are looking. Electricity, all garbage pick-up—instead of charging the Food Service Program just for what the food service does in garbage pick-up, you might be charged for all the garbage

pick-up in the district. And so those are some of the indirect costs that we are seeing, and there is no cap in the statute to prevent some of that from happening.

Chairman HARKIN. Have you seen over your experience that schools are shifting more and more of these indirect costs to the School Lunch Program?

Ms. WILSON. Yes, sir, they definitely are.

Chairman HARKIN. Did you pick any of that up in your studies at all, Dr. Bartlett?

Ms. BARTLETT. We did look at indirect costs, which we—most districts have indirect cost rates that they apply to school food service as well as other Federal grant programs, and indeed to pick up costs of—I mean, different districts obviously have different rates that include different things. We did not find—we found that while most districts had indirect cost rates, that only about 16 percent of the districts actually charged the school——

Chairman HARKIN. About 16 percent?

Ms. BARTLETT. Sixteen percent charged indirect costs as a line in their expense statement. So while that gets applied to some, it did not get applied to most. So in terms of those kinds of costs.

Chairman HARKIN. Well, I just raise the question, if 16 percent is the mean on this, then I raise the question of why other school districts can't meet the mean if they are higher than that.

Ms. BARTLETT. In terms of—no, this is just what percent of districts are charged at all for the indirect costs. When you look——

Chairman HARKIN. When you are saying 16—tell me what the 16 percent is now. I thought that was the——

Ms. BARTLETT. No. Sorry.

Chairman HARKIN [continuing]. Of the total that was——

Ms. BARTLETT. If you looked at school districts, what percent of the districts themselves get charged these kind of indirect costs on their expense statement.

Chairman HARKIN. Oh, I see. I see.

Ms. BARTLETT. We only found that those kinds of indirect costs showed up on 16 percent of the budgets. The rest of them were not charged for those. Again, we also have to make sure—partly when we talk—be clear about talking about what we mean by indirect costs, because we also talk about the overhead costs of the school food, the manager, the SFA director, and those. Those are kind of costs that are on the expense statement of the SFA.

Chairman HARKIN. I have taken more than enough time. Senator Chambliss?

Senator CHAMBLISS. That actually is an area that I wanted to address, too. I think Senator Harkin has pretty well covered it, but it looks like, Dr. Wilson, that in your particular case, there are some charges being assessed against the program that ought not to be assessed. We don't need to put you at odds with your school board and the other folks who are assessing these costs, so I think this is an area that we need to address in this legislation and your testimony this morning on that has been very valuable.

Ms. Boldt, I am just curious, do you know what happens in your system? Do you know whether these indirect costs are charged to your program?

Ms. BOLDT. No, I really can't answer that.

Senator CHAMBLISS. I think that is something that all members of the committee are going to need to look very closely at from a State-by-State standpoint, but certainly, Mr. Chairman, it is something that we need to address in the reauthorization.

Ms. WILSON. We have one example from Georgia, if you would like to just hear some numbers.

Senator CHAMBLISS. Yes.

Ms. WILSON. This is from, in Georgia, quite a large district said to me they pay $1,140,000 in indirect costs, $395,000 for six maintenance people that work throughout the entire district, $220,000 for utilities that are used in the buildings that they are housing kitchens in, and $84,000 are from uncollected meal costs. So that just gives you some numbers of a district in Georgia.

This has truly been—the difference is that it has exploded since 2005–2006, these kinds of costs, because school districts are also really in trouble as far as finances are concerned. Thank you.

Senator CHAMBLISS. These are obviously very difficult economic times and every area of our economy, and I know school districts are looking for every way they can to try to recoup the tremendous overhead that they are seeing because they have got the same fuel cost and labor cost increases that you alluded to that you are being charged with. But that is not right. I expect I will get a call from that nutritionist, probably the chairman of that school board.

[Laughter.]

Senator CHAMBLISS. But it is something we need to look at.

Dr. Wilson, if USDA were given the authority to regulate food sold in competition to the National School Lunch Program, do you see a need to continue the requirement for all school districts to have local wellness policies?

Ms. WILSON. That is a very interesting question. We really truly believe that USDA needs the authority to regulate everything in the district, because then we can all conform to dietary guidelines. While wellness policies were really a good idea and everybody meant well, we have some very excellent policies in this district that were done well with good committees, and then we have some policies where it was somebody who was pestering the superintendent and they needed something to do, and so they are now—we just heard a speaker yesterday, that he talked about the philosophy of nutrition rather than the science of nutrition, and many of these local wellness policies are not dealing with the science of nutrition. They are dealing with the philosophy of food or eating or a personal philosophy and how someone eats because they became the chair of that wellness policy.

So even though they were intended to do good, they didn't always do what they were intended to do across this country, and so, yes, we truly believe that with USDA, just like the National School Lunch Program and Breakfast Program, we have national standards, a meal pattern that we all need to follow. And so if USDA had the jurisdiction over everything, from bell to bell during that school day, that then we would all follow dietary guidelines irregardless of what our philosophy of what nutrition might be.

Senator CHAMBLISS. Ms. Boldt, I first of all applaud your accomplishment of receiving that Gold Award for HealthierUS School Challenge, especially since you incurred additional cost for some of

the products that you provided. We oftentimes talk, when we talk about education in general, about the fact that, really, good education starts at home. If you don't have strong support from parents, then it makes it much more difficult to educate a child. Did you find that same experience with trying to achieve this goal that you were successful in achieving, that you had great support both from your PTA or other parental organizations as well as your school board, and how big a factor was that in achieving this award?

Ms. BOLDT. We did have pretty good support across the board. We also had in our wellness policy that we make efforts to encourage the parents and support for them, like with information, different kinds of things that we can do to help them at home, also. So we have included that in our wellness policy.

Senator CHAMBLISS. Dr. Bartlett, did your study look at the impact of school policies regarding a la carte or vending sales and how the volume of such sales may influence the resources available to school food service personnel?

Ms. BARTLETT. We really just focused on looking at the costs of those different components of the program and collected data on that at the point in time, 2005 to 2006.

Senator CHAMBLISS. OK. Thank you, Mr. Chairman.

Chairman HARKIN. Thank you, Senator Chambliss.

We welcome Senator Klobuchar, both for questions and if you have an opening statement you want to give.

STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator KLOBUCHAR. Well, thank you very much, Senator Harkin. Thank you to the witnesses.

I have spoken on this issue a bit before from my perspective, being a mother with a 13–year-old and really seeing a tale of two schools, one, the school she attended in Minneapolis that was 90 percent free and reduced lunch for a number of years, and now in Arlington, Virginia, two public schools, which is a little different demographic make-up, and just seeing the differences in the school with less free and reduced lunch kids in terms of their fitness and their moms packing them carrots and things like that, and then seeing in the inner-city school just the vending machines being used a lot, I think a lot of kids going for maybe the less healthy alternative when there were choices and then some healthy food given out, as well.

Minnesota, as you have noted, has put a lot of emphasis on this. But even despite our State's emphasis to see the difference between the schools and the nutrition these kids are getting is very stark, and also see the huge obesity problem with some of these kids. I am worried it is going to get worse as our economy gets worse because oftentimes it is cheaper to go out, as we all know, and buy less nutritional food. And so I am very concerned about this obesity issue.

The other reason I am interested in this is we have a lot of food that is produced in Minnesota. We have a lot of food that is processed in Minnesota. I have gotten some information about the need, as you have talked about, Dr. Wilson, for some national

standards and how this is contributing to cost, the fact that we don't have these national standards, and I wanted to lead with that and I know you were referencing it in your questions with Senator Chambliss, but how you think this could work to give the Secretary of Agriculture this discretion.

I personally think it sounds like a good idea to me, sort of seeing this patchwork of things going on, and as we look at how to reduce costs. But at the same time, my whole focus is to make these meals as healthy as possible and to limit some of the—and I don't know what you are calling them here—bad competitive choices, and then also how we work that with the States, because I could see some of them would want to be doing—they might have different kinds of food that they have available in their States that are healthy. So a long question.

Ms. WILSON. OK. Well, thank you. I think, first of all, the whole idea of standards is that—and let me, if I could, just give you an example. If you are a manufacturer in the school market and you make a small bag of graham crackers and you make it for 1.5 ounces, but five miles down the road, their standard, their wellness policy says, no, you can have up to two ounces. And then the next one says, well, we are going o do 2.5 ounces. Well, now I go back to that manufacturer and I say, well, my district just said one ounce. So now there are four different bags of the exact same graham crackers, and to me, that is very costly.

Most of our school districts are smaller. We aren't all metropolitan districts. So when you can't buy hundreds of thousands of them at the same time, the manufacturer is not going to make them just for you. So, first of all, without standards, we are eliminating a number of products that all of us could potentially use, because the manufacturer will make the product if we have a standard that a snack has to be two ounces or whatever we come up with as standard. That product will be made for all of us and we will all buy it at a much lesser cost than if we first—it would eliminate some things for smaller districts, and I am talking about the majority of districts in this country, but it would also cost most of us more if we are asking a manufacturer to make three and four and five different sizes of the same product.

As far as nutrition is concerned and doing local kinds of things, I truly encourage local produce, local kinds of things that maybe are made in your community. But there, too, when we looked at our standards, we are looking for a range of things. It is very difficult to hit a sugar number, for instance, in milk and say, this is the number. We are not going anywhere else. This is the number. It is much better to do things in ranges because you and I both know that 1 day we do really well, and last night I was at a gala that had a fabulous dessert and I enjoyed every minute of it. So, you know, we can't do that every single time——

Senator KLOBUCHAR. We have a lot of those problems in our occupation.

[Laughter.]

Ms. WILSON. Absolutely.

Senator KLOBUCHAR. There is a lot of too many choices.

Ms. WILSON. So we look at choices. We have a range for fiber in our standards. We have a range for sodium, so that we can, over

the period of a week, look at things. And if I have something that is local in my district or made in my State that I want to use, it will fit within a range because I will balance that throughout the rest of the week. So I think it very nicely fits into standards if you have some ranges and some standards, though, that we all need to meet. And again, it is not based on somebody's philosophy. It is based on the science of nutrition.

Senator KLOBUCHAR. And how would it work with these a la carte choices, because I have seen myself they go for the fries——

Ms. WILSON. And the standards do work. The standards are—if the USDA Secretary has the opportunity to eliminate the time and place rule and they have the authority to say that here are the standards for the entire school during the school day——

Senator KLOBUCHAR. Right.

Ms. WILSON [continuing]. You all need to meet them, whether it is in my a la carte line or in the school store or the young person that is selling to keep their club afloat and they have a little table outside the cafeteria——

Senator KLOBUCHAR. You might have limited my ability to sell Life Saver lollipops for the high school prom?

Ms. WILSON. Perhaps, because——

Senator KLOBUCHAR. OK. That is what I did.

[Laughter.]

Senator KLOBUCHAR. I mean, on the student council.

Ms. WILSON. Sell recycled wrapping paper. It is much better.

Senator KLOBUCHAR. All right. So what about the vending machines and how would they fit into this——

Ms. WILSON. They all fit within. Within the school building, under the authority of the USDA Secretary, everything within that building for the school day would have to meet the standard. And now there, too, I am not competing against the football coach, because if I have the most wonderful program, even my a la carte meets the standard, and a football coach, they are going to go to State, so they need to raise money to get on that nice bus and get down to State, we all support that. And if the football coach is going to sell something out there in the hallway, I guarantee you students will come and purchase it. They want to support their team. That is part of being in school. We don't want to be the adversary to that and that is what becomes—that is where the problem becomes a problem, because they take their $1.50 or their $2.50 and they are going to support that football coach, and they all mean well. They all have good meaning, but it is not always in the best interest of the science of nutrition. So the standard needs to be bell to bell in every area of that building for us all to be in the same thing for kids.

Senator KLOBUCHAR. Ms. Boldt, what do you think of that?

Ms. BOLDT. I agree 100 percent. That is exactly what happens in school districts.

Senator KLOBUCHAR. Dr. Bartlett, any thoughts on how we can do this? I just want to fix this, because I think people are so well intentioned here and they want to have healthier kids, but somehow these things keep falling through, and these kids are smart and they find ways to find this food. That is what I have seen.

Chairman HARKIN. They find what?

Senator KLOBUCHAR. They find unhealthy food wherever they can find it. It is a true fact. Also, sometimes their parents don't have the money to give them, or they are not at home learning some of this nutrition, so when they get to school, they are looking for the vending machine that has the—I am not going to say a brand name, just like when I brought up American Girl at the Commerce Committee, I got letters. But they find something that is very non-nutritional and that is what they eat for lunch, so——

Ms. BARTLETT. I have to say it certainly seems right. Our study didn't particularly focus on—we did not look at the nutritional quality of the different foods, but certainly my experience as a parent shows that there is a lot of unhealthy stuff going on.

Senator KLOBUCHAR. OK. Well, thank you very much and we look forward to working with you.

Chairman HARKIN. Dr. Wilson, you talked about the plethora of different wellness policies all over this country. In the last reauthorization of the child nutrition bill, I had offered an amendment that would have had a wellness policy developed by the Institute on Medicine that would have applied to all schools all over America. I lost that amendment.

Then we decided, well, we will just have a wellness policy that each school would develop. I think we thought that at least, that way, at least schools would have to start thinking about what is a wellness policy. But you are right. They differ, as school districts differ all over the country. So I am glad to hear you say that not based on science. Of course, it is not based on Institute of Medicine guidelines.

And then now, I am just delighted to hear you now advocating for the Secretary to have the authority for all schools. I have often said, what sense does it make if you have the authority for school lunches in the lunchroom or in the cafeteria, but you can go right outside the door and there are all the vending machines. I also like your testimony when you said that the signal, the message we send to kids if you have all these sugary drinks and candies and stuff in the gym but not in the rest of the school, are we saying to kids that is the healthy thing to eat in the gym? So I really appreciate your testimony on that.

I think we have to come to grips with this in terms of having the dietary guidelines be standardized for the whole country and for every school. The only thing that I would think about in terms of a wellness policy beyond that is for the physical activity of kids and making sure that we have some wellness policies that develop in accordance with that so that kids get adequate exercise and that type of thing in a school setting. That is a little bit outside of your purview, but I am just saying that that should be also a part of the wellness policy.

But I want to delve into one other thing and that is the idea that on this increasing the reimbursement, we have the inflation thing standard in there now that goes up with inflation. But I think what I am beginning to see is that we don't have a real good grip on these indirect costs, and there is no cap on them. There is no inflationary guideline on them whatsoever. And I think it would probably be fairly easy for a school district to think, well, if I have got to cut corners, I will just shift it over to that School Lunch Pro-

gram. After all, they are going to get more money because they have got an inflationary increase. I think somehow we are going to have to take a look at that and how we might want to address it. I don't have a formula or anything in my head, but somehow, we have got to address how much of that shifting can go on from the indirect costs.

But I also want to address a question to you, Ms. Boldt, about what you have done in your school. I read your testimony and in listening to you and what you have done, you were able to do it within these guidelines, right, and within the reimbursement that you have, you were able to do all of this.

Ms. BOLDT. I truly don't have the bottom line yet. I do suspect that our costs were higher, but I am not quite sure yet where the bottom line is.

Chairman HARKIN. Well, you have been doing this for 2 years?

Ms. BOLDT. We are in our second year.

Chairman HARKIN. Two years now, and you have gotten all the healthier foods. But somehow, you have been able to do that within the reimbursement that you have been getting.

Ms. BOLDT. I am not quite sure if we are within reimbursement or if we have tapped into some, you know, savings, so to speak. We also have an a la carte competitive foods that fit our wellness policy that also supplement total program costs.

Chairman HARKIN. But you have control over that, too, right?

Ms. BOLDT. Yes.

Chairman HARKIN. Yes. You have control over that a la carte line, so——

Ms. BOLDT. Yes.

Chairman HARKIN [continuing]. You are also putting good foods and fresh vegetables and things like that in the a la carte line.

Ms. BOLDT. Yes. It is also regulated, the 35 percent fat and saturated fats and——

Chairman HARKIN. I just wonder if—I am proud of what you have done. You have got the certificate. You have got the banner hanging in the hallway. But if we want to replicate what you are doing around the country, I wonder if we need to have some more financial incentives or bonuses. For example, do you think that more schools would become HealthierUS Gold Schools if they received not only a plaque and a commendation, but a significant financial bonus at the end of the year for maintaining those strong standards?

Ms. BOLDT. It would definitely be of assistance for the budget.

Chairman HARKIN. Well, I think that is something that we ought to——

Ms. BOLDT. Because I did do——

Chairman HARKIN [continuing]. We ought to think about. If they meet these, they get some kind of a bonus or some kind of an incentive, to give some kind of a financial incentive for this at the end of the year. And I think maybe that is something that we could look at. I don't know, Dr. Wilson, if you have thoughts on that.

Ms. WILSON. Well, I think there are a lot of possibilities and it certainly is worth exploring, Senator Harkin. I do—again, will go back to the indirect costs, and if that would be something that would be decided upon, then we have to have the other piece that

says that that stays within the Food Service Program to continue to do those activities and increase the healthy environment in that program. As long as that money isn't looked upon from the school district as a school district bonus but maybe it is used to do healthy things in the cafeteria and increase physical education, it has to be tied to that award, then, so they can't—but it is certainly something to explore, yes.

Chairman HARKIN. All right. Well, Ms. Boldt, I think you point out that it is very difficult to do what you have done in figuring out this 51 percent of whole grain items, bringing in more fresh fruits and vegetables. I think the important part of your story is that you did it and you didn't give up and you kept at it and you made it work without any extra money, at least as I understand it, for the meals. So I think that is a tremendous achievement and you ought to be very proud of it. I just again am thinking about how we replicate what you have done around the country, and I think maybe some financial incentives and bonuses might be a thing that we could do.

Now, I am told that there are, Dr. Bartlett, OMB guidances on indirect costs. Do you know what those are? Can you address that at all, that there is OMB guidance on indirect costs and what can be assessed to the School Lunch Program.

Ms. BARTLETT. Indeed, sort of their restricted rates and unrestricted indirect cost rates that have to be approved, so——

Chairman HARKIN. By whom?

Ms. BARTLETT. I believe by the school district.

Chairman HARKIN. By the——

Ms. BARTLETT. Or the education—I am not 100 percent certain who sort of finally approves them, but I do believe that they do have to—I don't believe that a school district can just say, we are going to charge X percent and put all these things in it, but sort of exactly what goes in those rates is——

Chairman HARKIN. But Dr. Wilson just read what was going on in Georgia——

Ms. BARTLETT. Right.

Chairman HARKIN [continuing]. And all that. I mean, I don't know if that is within OMB guidelines or not.

Ms. BARTLETT. It seems odd, doesn't it. I don't know the answer to that question.

Chairman HARKIN. Do you know that, Dr. Wilson?

Ms. WILSON. I don't believe there is any kind of—there is some minor language, and I am not familiar exactly, but it doesn't put any kind of a cap or what it can be or how often. And I was just handed a note that a director here at this conference told us, reported to us 2 days ago that they were not assessed indirect costs for quite a—until this year, so the district decided to go back 8 years to recap what they considered indirect costs on the Food Service Program—electricity, garbage——

Chairman HARKIN. Is this the school you were talking about earlier, or is that a different school?

Ms. WILSON. No. They said they don't remember what school district it is, but the director reported out to us at the conference that their district is going back 8 years to what they have assessed as indirect costs that should have been charged—garbage, electricity,

and somebody mopping the floor in the cafeteria, those kinds of things.

So there is no cap to it, as to what can be done or how much or what it could, you know, what indirect costs are allowable that have to do with food service, so——

Chairman HARKIN. This is all very interesting. I mean, not interesting, kind of alarming in a way. You said it is like 15 to 18 percent? I forget which one of you said that.

Ms. WILSON. That was in our testimony.

Chairman HARKIN. Fifteen to 18 percent of the costs are indirect costs.

Ms. WILSON. Of their budget.

Chairman HARKIN. Of their budget.

Ms. WILSON. They are taking 15 to 18 percent——

Chairman HARKIN. Did you have a figure on that, Dr. Bartlett?

Ms. BARTLETT. I don't have an exact figure on that. When we look at reported costs, we see that about 45 is labor, 45 is food, and there is 10 percent other, of which the indirect costs would be included in that. So on average——

Chairman HARKIN. In the "other"?

Ms. BARTLETT. Correct. So on average, it would be less than 10 percent.

Chairman HARKIN. So they are saying 10 percent. You are saying 15 to 18 percent.

Ms. BARTLETT. Again, I——

Chairman HARKIN. Do you have a methodology for how we could look at that? I would like to get to kind of the bottom of this, also.

Ms. WILSON. Well, we definitely can send you our statistics in the study that we did to get to that number. But again, I think not that the data is skewed in any way from either place, it is just that the time has changed. And from 2005–2006 to 2007–2008 and 2008–2009, my costs have drastically—and I am going to use the word "drastically".

Chairman HARKIN. Well, that would be 50 percent. I mean, if it went from 10 percent to 15, that is a 50 percent increase in 2 years.

Ms. WILSON. And many districts have just recently decided to start charging these indirect costs. You know, also, we can have 3 months of operating budget in a fund balance, and that is to purchase equipment. I want to start cooking from scratch, reopen my bakery, do fresh fruits and vegetables. I need equipment to do that. And so we sometimes will build a month or two of a fund balance so that when the dishwasher breaks down, I can repair that or replace it. I have now replaced—you know, in the State of Texas, they took out all their deep fryers, but they had to use their fund balances, if they even had them, to try to replace that equipment with cooking equipment. But a district might look at that 2 months' worth of money and say that that could be used for indirect costs.

Chairman HARKIN. Well, I think we are going to have to look at these OMB guidelines and take a look at them. The only concern I have about putting a cap on something, that becomes a ceiling, too. In other words, everybody goes to that——

Ms. WILSON. It has to go there, right.

Chairman HARKIN. If the mean is ten or 12 or 14 percent, whatever it is, there are some obviously way below that, and if all of a sudden they can say, gee, now we can shift all these costs over, then we will find that happening. That is the only problem I have with putting a cap on it.

Senator CHAMBLISS. I think the problem we have got, Mr. Chairman, is that with the cost of fuel particularly increasing, skyrocketing in such a fast manner, all school boards had a significant issue all of a sudden that they didn't anticipate at the beginning of the year and they were looking for pots of money——

Chairman HARKIN. Yes.

Senator CHAMBLISS [continuing]. And for other folks to help them defray expenses, and with the cyclical nature of fuel costs, or my son-in-law is a produce farmer and cabbage can cost anywhere from $3 to $12 a box, it makes it difficult from a cookie cutter approach to try to figure out how we cap them, or maybe we can figure out a way to look at the food consumed away from home provision, which I understand is the index we use, not the CPI, that maybe we can look at that and try to use a factor in there that is maybe a little more reasonable and will help both ends of this issue. But it is something we have got to look at.

Chairman HARKIN. Yes, we are going to have to look at it. If you have the answer, let me know, will you? I don't know that I have the answer.

[Laughter.]

Ms. WILSON. Could you let us all know?

Chairman HARKIN. What is that?

Ms. WILSON. We would like all to know if you find the answer.

Chairman HARKIN. Yes, I don't know. This is something definitely we are going to have to have our staffs work on and stuff.

Senator Casey has joined us from Pennsylvania. Senator Casey?

STATEMENT OF HON. ROBERT CASEY, JR., U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator CASEY. Mr. Chairman, thank you very much, and I want to commend you on presiding over this hearing and highlighting this important issue.

Very few issues we confront in Washington have as much importance, I think, not only to the life of a child and his or her family but to the family of America and for our long-term economic security. We can't divorce or separate the issue of child nutrition and what happens to children in our schools and our communities, we can't separate that from job creation and skill development and economic growth and all of those issues.

I do want to thank those in the audience and, of course, our panel for the work you have done over many, many years, laboring, literally laboring in this vineyard for so long and so passionately. We are in a time period now where a lot of these issues can be addressed, but we are in a time of tight budgets and economic difficulty, so it is not going to be easy to do what we hope to do.

But I do want to thank Dr. Wilson especially. We met the other night, along with many of your colleagues. You all look well rested, so apparently people didn't stay up too late. But Dr. Bartlett and Ms. Boldt, we want to thank you, as well, for your testimony.

I know that we are running late, we are on the second round, and I apologize for being late. I just wanted to present one question for the panel before we conclude, just to get your sense of some of the practices that are working, some success stories, so to speak.

We have heard from a number of experts in school nutrition that one of the biggest problems with administering the various meal programs is that you have different paperwork, you have got different eligibility and oversight requirements. And I just wanted to ask a broad question for each or all of you. What would you recommend as to addressing this problem to make the programs easier to administer? You may have covered this already, but I just wanted to get a sense from the experience we have had in Pennsylvania, and we have some Pennsylvanians in the crowd. We won't ask you to stand up. But if there are best practices that you have identified that would help on these questions of administration.

Ms. WILSON. Well, thank you, and I think that we can get some wonderful examples from districts across this country that are doing really great things, that have become innovative, and I know we have to be very creative. But if I could say one thing administratively, and we haven't even talked about it here, but it could be another way to really help our programs, and it was in our testimony, and that is that we collect all the income data in every individual school district and then everybody in the district uses that income data for all different Federal programs. But all of that cost is in our program, in the School Nutrition Program, and that is a cost when you are collecting all of this income data.

The other thing is that then we do verification, and we have to go through that whole process. But everybody uses that information. And so if we could look at another way somewhere else to collect this income data to be accountable.

And then the other big piece is that the free category, if we could eliminate free—I am sorry, eliminate reduced category and make those children all free, because they qualify in WIC and then they come to school in kindergarten and they don't qualify for free meals at the same level. So to eliminate that reduced-price category would really also help streamline our programs. These are ways that we can streamline the spending and the administrative burden that is on these programs that are very well audited and very well accounted for. Thank you.

Senator CASEY. Anyone else?

Ms. BARTLETT. I have to say, I defer to my colleagues since they have more direct experience. But just a couple of points. Abt is doing another study that is trying to ease some of—looking at how to ease some of the administrative burden in terms of the verification that has to be done for school lunches and working with States to help them use Medicaid data to directly verify income. So certainly moving in that direction is a way to streamline that would be useful. That is one idea.

Senator CASEY. Thank you very much.

Mr. Chairman, thank you. I know my time is up, but we are critically concerned about this issue and I think these issues that involve children, just like we made progress recently on children's health insurance, this issue, as well, I think is a matter of basic

justice for children and for families. We have got to do everything possible to get this right. Thank you very much.

Chairman HARKIN. Thank you.

I have just one last question I wanted to follow up with Dr. Wilson, and that is this difference in the competitive budget. Are reimbursements—for example, Dr. Bartlett said their study found that a la carte lines are actually the reason for the budget gaps, that Federal reimbursements for free lunches are subsidizing food through a la carte lines. But you say you need the money from competitive foods to cover gaps in the school food service budget, and that is still something I am trying to wrestle with and trying to figure out. Are reimbursements subsidizing the competitive foods?

Ms. WILSON. Well, I really think that—I don't know a district—I don't know a State department that would allow that to occur, because we have to keep our a la carte budget separate from our reimbursable budget. And so when we are reviewed once every 5 years, that is one of the things they check, and so some of those districts may not have been reviewed correctly or something because we are not allowed to use any money from the reimbursable program to subsidize a la carte. If they see that there is a problem in budget there, if you don't bring even your labor that is doing the a la carte over to that side of the line item, our State department would say to us, we need to see labor here, because it has to account for the exact cost.

So I am not sure where they were at or what districts they were in, but we absolutely have a la carte to subsidize the rest of my programs. You know, we are not all in this to keep increasing the number of programs that we have in our School Nutrition Program and we have two reasons for a la carte. One is that it does definitely subsidize my Breakfast and Lunch Program. The second is that I am trying to meet the needs of all children, and I want those children to stay in school and obtain their nutritional foods from me. And so I, too, have very strict restrictions on what I sell in that a la carte line. It is not a bunch of stuff that they can go to the gas station and buy. I am very, very restrictive. But it is definitely—it is priced accordingly so that if you buy a la carte items, that money is being used to subsidize the rest of my program.

Chairman HARKIN. So the money flows one way, but not the other way.

Ms. WILSON. Our State wouldn't allow it. It is not allowed.

Chairman HARKIN. But it allows it the other way, from competitive foods to the school lunch——

Ms. WILSON. It is part of the entire food service fund, but we can—and that is why I started a la carte in the district I am in.

Chairman HARKIN. Dr. Bartlett, when I read your testimony, it seemed to indicate that actually the school lunch Federal reimbursements are subsidizing the a la carte lines. I am trying to wrestle with this.

Ms. BARTLETT. Right. I do think that the main difference has to do with the allocation of the overhead kind of costs. We certainly recognize the SFA director, things like that, how that gets allocated to the different meals. Our methodology which we applied this study and which we applied—we did a similar study—the same

study 14 years ago—found the same results of a cross-subsidization. And it is these sort of overhead costs that get allocated to lunch, breakfast, and competitive foods, arguing that those programs, those products should bear some of those kind of overhead costs. As I said, we had the same finding before and the practice that we follow are generally accepted accounting practices, to allocate those kind of costs that come up with the average costs of meals.

And in terms of the districts, it was a nationally representative sample. I think it is sort of—it is not due to peculiarities in the districts that we studied.

Chairman HARKIN. I will have to think about that. I will have to think about that. I think I understand what you are saying, is that if you have the set-up for the School Lunch Program, School Breakfast Program, then you introduce a la carte lines, they are utilizing the space and the overhead and all that kind of stuff, so that really does subsidize the a la carte line, not in kind of a money flow, it is just that you are saying that the whole arrangement then covers any costs of the a la carte line——

Ms. BARTLETT. Right.

Chairman HARKIN [continuing]. Is my way of thinking about it, anyway.

Ms. BARTLETT. Exactly.

Chairman HARKIN. But again, if a la carte lines have to meet dietary guidelines and meet all the dietary guidelines and stuff, well, I guess I am not so worried about it then. It is just the problem there are a lot of the a la carte lines that don't do that right now. I don't much care how that food gets out there as long as it is good food.

Well, that is really all I have. Senator Chambliss, do you have any follow-ups at all?

Senator CHAMBLISS. Thanks, ladies.

Chairman HARKIN. Great panel. Thank you all very much. Thank you, Dr. Wilson and Dr. Bartlett. Thank you, Connie. Thanks for what you did in Knoxville. It is a great example.

We will call our second panel up. That is Dr. David Paige, Mr. Kenneth Hecht, and Ms. Lucy Nolan.

[Pause.]

Chairman HARKIN. We welcome our panel. Dr. David Paige, Professor of Population and Family Health, with a joint appointment in International Health and Human Nutrition at the Johns Hopkins Bloomberg School of Public Health, and a joint appointment in pediatrics at the School of Medicine. Dr. Paige is a recognized expert in the area of community health and maternal and child nutrition. His groundbreaking studies of lactose intolerance in children, his pioneering effort in establishing a Supplemental Feeding Program for Disadvantaged Women, Infants, and Children, and his design and implementation of community-based programs define the scope of his interest.

Mr. Kenneth Hecht is Executive Director and one of the cofounders of California Food Policy Advocates. Begun in 1992, CFPA is California's State-wide nutrition policy and advocacy organization whose mission is to improve the health and well-being of low-income Californians by increasing their access to nutritious, afford-

able food. Upon completion of law school, Mr. Hecht worked for 15 years as a public interest attorney, first at San Francisco Neighborhood Legal Assistance Foundation and then as Executive Director of the San Francisco Legal Aid Society. Right away, you are a friend of mine. That is how I started my whole career, is as a legal aid attorney, Mr. Hecht. We are glad you are here.

And Lucy Nolan, the Executive Director of End Hunger Connecticut, a nonprofit organization dedicated to ending hunger in Connecticut. Their goal is to raise awareness of hunger in the State of Connecticut, promote funding for and access to nutrition assistance programs, and to speak out to help eliminate the root causes of hunger. She received her B.A. from Ohio Wesleyan University and her Juris Doctorate from the University of Connecticut School of Law.

We welcome you all here to this discussion on the reauthorization of the child nutrition bill. Your testimony will be made a part of the record in its entirety and if you would just summarize in several minutes, we would appreciate it.

Dr. Paige?

STATEMENT OF DAVID PAIGE, M.D., PROFESSOR, JOHNS HOPKINS MEDICAL SCHOOL, BALTIMORE, MARYLAND

Mr. PAIGE. Yes. Thank you, Mr. Chairman, Senator Casey, other members of the committee. As you noted, I am at the Johns Hopkins School of Public Health and in the School of Medicine. I am a member of the Maryland State WIC Advisory Panel and direct a WIC Program out of Johns Hopkins and I am also testifying today on behalf of the National WIC Association and a copy of their testimony will be appended, and I acknowledge my good colleague, Reverend Douglas Greenaway, who is the Executive Director of that fine association.

My comments this morning will focus on the critical role of the WIC Program, the role that it plays in securing the nation's health. The past 36 years with respect to the program has demonstrated that it is a potent force in improving the health, nutrition, and well-being of women, infants, and children living in poverty. And it is really poverty that we are talking about with respect to the problems of under nutrition and poor nutrition.

Today, over 13 million children below 18 years of age, 18 percent of the population, is living below the Federal poverty level, which for 2009 is set at $22,000, and the number rises to 21 percent when we look at children below 5 years of age, the population that WIC serves, and even higher in the African-American population, Hispanics, and children living in female-headed households. So we have a considerably large number of children and families at risk.

Moreover, between 2000 and 2007, the number has risen considerably, a 15 percent increase, another 1.7 million children that we are dealing with. The Census Bureau estimates that over 12 million children are food insecure as measured by generally accepted standards. Of course, we know the number will escalate in the current economic situation.

WIC is very effective in reaching this population. Seventy-five percent of all of the WIC enrollees are below 100 percent of poverty

level, with about 35 percent below 50 percent of poverty and another 35 to 40 percent between 50 to 100 percent of poverty.

I would like to focus briefly, if I can, on some of the risks that exist within this population and the role that WIC plays. I will try to do this briefly. Poverty in general, the overarching issue, results in poor health. Among pregnant women, 60 percent who enter the WIC Program have a clinical or medical condition at certification. Thirty-eight percent have obstetrical problems, 27 percent are anemic, and about the same number have low weight gain during pregnancy. These are critical issues, critical determinants with respect to low birthweight and pre-term birth.

The WIC Program is very effective in reversing these conditions, these negative outcomes. There have been multiple studies, independent studies, that show clearly that WIC has been very successful in increasing birthweight as well as reducing pre-term birth. I won't go into all of the specifics. They are in the testimony.

There is supporting all this a comprehensive review by GAO which clearly indicates that WIC is effective in lowering the incidence of low birthweight and pre-term birth, and also at the same time extraordinarily cost effective. There have been multiple studies showing the cost effectiveness of the program. Even a simple reduction of one or two nights in the neonatal intensive care unit or 1 day in terms of a woman's extra stay in the hospital will more than compensate for the WIC benefits. So this has been an extraordinary accomplishment on the part of the program.

I would like to identify one other risk factor and that is infant mortality. Infant mortality in the U.S., as we all know, is lamentably very high and is among the highest among industrialized countries, even the highest, depending on some parameters that may be used. Reducing low birthweight and reducing pre-term birth is an effective way of reducing infant mortality. A number of studies validated by the GAO speak to the reduction of infant mortality. Our own work in the mid–1990's further reinforces that particular issue with reduction to infant mortality.

I would like to briefly discuss the preschool population, and that indicates that there are more subtle problems that exist in this population and we need to be very clear and we need to reach out to increase the enrollment of this population at risk.

I also want to mention that the Centers for Disease Control has done multiple studies in this area which show the effectiveness of the program regarding improved weight gain, improved overall health, as well as a sharp reduction in anemia in the preschool population.

I would like to address two other areas briefly, obesity, which I know is an interest of the committee and of yours, Senator Harkin. We need to think of obesity as poverty induced, resulting in food insecurity and obesity as part of this continuing spectrum of issues that we are dealing with in populations in poverty. Of course, obesity is not limited to only the population in poverty. Nevertheless, this is a very important population group that is suffering from the epidemic of obesity as a result of the inadequate food purchasing, calorie-dense foods that are available, inadequate numbers of supermarkets and other choices that exist in many of our poor communities, both urban as well as rural throughout our country. And

we need to do a great deal in this area and perhaps a question and answer can address this even more fully.

Breastfeeding is another crtical area that I would like to speak to very briefly. When we talk about addressing obesity, we need to start pre-conceptionally, peri-conceptionally and during the conceptional period. But the first time we can really introduce a remedy is postnatally providing breastfeeding. Human milk is the most important nutritional head start that we can provide to our newborns. Human milk is species-specific. It is a living tissue that provides both the anti-infectious agents, the antibodies, the other elements that we need to improve the well-being, and WIC is very dedicated, as you well know, to trying to improve the number of individuals who do elect to breastfeed. Nevertheless, in the lower economic tiers, this has become very difficult. Socio-economic factors are the major impediment in this population and we need to do a great deal, and perhaps we can explore this further in question and answer.

I would just like to move to some recommendations very quickly with regard to the administration of the WIC Program. I would argue that we enroll all infants, women, and children below 185 percent of the poverty level. This is cost effective, it is smart policy, and we will set the tone and the health infrastructure to help this population move out of poverty, become well educated, and move forward in eliminating this problem.

Enroll all Medicaid recipients. I think this makes sense and is comparable with enrolling everyone below 185.

I would like to argue the fact that we give the States the option to certify children up to 1 year, which this will maximize program effectiveness. This is also a very smart, cost-effective measure that combines remediation and prevention, because we need to be more efficient and clever about integrating the remediation arm and the preventive arm that is implicit in the WIC Program.

I would also argue that we establish linkages with the social services community, more direct linkages, in a coordinated and collaborative manner, and this will improve communication and better target nutrition.

Streamline uniform qualifying application, as we addressed earlier.

Expansion of the WIC for electronic benefits, MIS and EBT funding.

I would like to point out one area that doesn't get attention, if I may, and that is the military families who an individual of that family serving in the combat zone gets extra pay, but that then counts against them in terms of the WIC. And it is a small matter, but for that subgroup of individuals, they really deserve to not be thrown off the WIC Program. And since this has been brought to my attention, I thought that I would bring it to a higher authority with respect to improving on that.

The other issues, I will leave for discussion, and they are in the written testimony, but we also need to address the obesity epidemic and move forward on this, and I thank you very much for the opportunity to testify before you today.

[The prepared statement of Mr. Paige can be found on page 92 in the appendix.]

Chairman HARKIN. Thank you very much, Dr. Paige.

Mr. Hecht?

STATEMENT OF KENNETH HECHT, EXECUTIVE DIRECTOR, CALIFORNIA FOOD POLICY ADVOCATES, OAKLAND, CALIFORNIA

Mr. HECHT. Good morning. Thank you, Chairman Harkin and other members of the committee for this opportunity. I am from California Food Policy Advocates, a State-wide nutrition policy organization where we work to increase access for low-income Californians to nutritious, affordable food.

As with much of the conversation this morning, our focus has been on school programs, but we have recently come to realize that by the time kids come to school, it may be too late to stop them from becoming obese. And as the studies show, obesity is exceedingly difficult to reverse, so that an obese preschooler is very likely to go on to be an obese adolescent and then an obese adult, with all of the disastrous consequences that that holds for the individual and really for the country. It seems to us absolutely indispensable to health care reform that we get it right when the kids are first starting out in our preschools and our schools.

We had the opportunity at California Food Policy Advocates to participate in two studies, which has taught me all I know as a lawyer about nutrition. One was in Los Angeles, where we did observations in child care homes and centers, and another was done by mail to about 500 randomly sampled centers and homes throughout the State of California. The results were remarkably consistent and each fortified the other, and I would like to talk about those results.

We have also had an opportunity to participate in two State-convened panels on child care nutrition generally and on the Child Care Food Program specifically and our recommendations come also from those two panels and are consistent with those two panels.

First, just a moment on obesity. One in four children in the two to five age bracket is obese or overweight before ever reaching kindergarten—one in four. And as I said, this is exceedingly difficult to reverse, so it is the beginning of a long, long problem.

At the same time, we still have concern for hunger and food insecurity. I think the number mentioned so far was 12 million children in that preschool bracket, and that turns out to be almost 20 percent, almost one in five, children is living in a household that is deemed by the government to be either food insecure or hungry.

A few moments on the Child Care Food Program. It is a big program. It is serving three million children throughout the country. About a third of them are in family child care homes, very small operations, and about two-thirds are in child care centers, which tend to be a bit larger. The program is now spending about $2 billion a year.

In addition to providing reimbursement, which, of course, is critical to the agencies, the Child Care Food Program also provides three monitoring visits every year, which is more than licensed child care homes and centers will receive in any State, I believe. It provides nutrition education, training, technical assistance, or at

least it used to until the reimbursement went away and the money had to be focused on other things and away from these important services.

The Child Care Food Program is based on a very simple concept of meal patterns, which are really the food groups. There is milk, fruit and vegetables, grains, proteins, and that sets—there are a minimum which set the quantity of those foods so that children should get enough nutrients, but what it doesn't address at all is the quality of those foods and it doesn't limit the numbers of calories. In other words, the Child Care Food Program set-up at the moment is not responsive to obesity. The meal patterns were set in place before we were aware of the obesity epidemic and they have not been changed since.

USDA has commissioned a study from the Institute of Medicine, which is to start next year, and I think it is a safe estimate that the results of that study will not be implemented for another 4 years, 5 years, and our recommendations are what we believe are sort of consensus, unarguable changes to the program that don't interfere with but actually work well with meal patterns.

A moment on our studies. Our two studies found that the child care facilities that participated in the Child Care Food Program had better nutrition than the facilities that did not. We found that Head Start was at the top of the pack and that food brought from home—I am glad there are no mothers left on the panel at the moment—was the worst. It had the least good nutrition to it. But within that, there was a range of nutrition that was better in the Child Care Food Program than not.

Even in the Child Care Food Program, there are problems, which is what my recommendations will go to. For example, whole milk is being served in 50 percent of the Child Care Food Program sites, and I think it is absolute consensus scientifically that from the age of two on, children should not be receiving whole milk. They should be receiving either non-fat or low-fat milk. Similarly, only 27 percent, about a quarter, of the homes and centers that were on the Child Care Food Program were serving any whole wheat at all. So there is room for improvement.

Our recommendations follow the following principles. One, we want it to be consistent with the WIC Program, which is serving roughly the same population. The WIC Food Program, as you know, has recently experienced a real transformation in its food package and it is terrific, based on lots of study, lots of input from scientists and nutritionists all over the place, and we really try to borrow from that.

Second, we are trying to make the recommendations simple, because in the homes particularly, there is not much time to fuss with complicated nutrition requirements.

Third, we are trying to make it inexpensive so that the nutrition reimbursement goes as far as possible.

Some recommendations on the nutrition. First, we urge that the reimbursement be increased. As we heard in the first panel, really, the costs have run away from all of the nutrition programs, and in the Child Care Food Program, where there is intensive paperwork, the reimbursement has been lost.

But with the increase in reimbursement we are asking that nutrition improvements within the meal patterns be linked, and we are asking for the things that we all know are good, and I think there is plenty of science to back it up—low-fat milk, more fresh fruits and vegetables, more whole grains, less sodium, less sugar, less fats. Not rocket science.

Second, as I mentioned, we would like the nutrition as well as the messages, the nutrition education, to be absolutely consistent with the WIC Program, which is doing a great job and we ought to grab onto it.

Third, we are proposing that there be some changes in the health environment in these facilities in order to maximize the benefit of the Federal reimbursement. Every program ought to have water easily accessible to the kids. We ought to have limits on screen time. We ought to get those kids outside and moving, and if it is bad weather, they ought to be moving inside. So physical activity is important.

In the school programs, we have a concept called foods of minimal nutritional value. We would import some of that into child care to be sure that the kids aren't having sodas, candies, the things that we all know they shouldn't be having. And finally, we need to devise some strategies to work with the moms and dads who are sending food from home and don't know better.

In order to have these benefits make any difference at all, we need to grow these programs. There are two ways in which we would recommend opportunities for growth. One has to do with access and participation. There ought to be categorical eligibility into these programs so it is easy to get in for the kids who have already been means tested or their families have been means tested.

Second, there are areas of our State, I suspect other States, where there cannot be family child care homes because there is no sponsoring organization in that portion of the State, and we would recommend that where there is no sponsoring organization that the State be the sponsor of last resort, or the State might delegate that responsibility, so that children won't be deprived of a family child care home on CACFP simply because there is not a sponsor in the neighborhood.

Finally, there are ways to simplify and streamline this program. When the Child Care Food Program operates on a school campus, it ought to operate under the school lunch rules and regulations. We ought to defeat these kinds of silos that make administration complicated and expensive.

Finally, we need money to train. The Federal money to train, the State money to train has really dried up and is not coming back any time soon at the State level. I think it has to be Federal reimbursement so that the sponsors are trained, the providers are trained, the providers are in a position to provide indispensable nutrition education to the kids and to their families so that we really spread the right obesity prevention strategies throughout our communities.

Thanks a lot.

[The prepared statement of Mr. Hecht can be found on page 76 in the appendix.]

Chairman HARKIN. Thank you very much, Mr. Hecht.

And now we will turn to Ms. Nolan.

STATEMENT OF LUCY NOLAN, EXECUTIVE DIRECTOR, END HUNGER CONNECTICUT, HARTFORD, CONNECTICUT

Ms. NOLAN. Good morning. Thank you, Mr. Chairman and members of the committee, for inviting me to present testimony today on behalf of meals served to children out of the school day. These meals are one of the best ways to improve nutrition for America's children in tough economic times, as you all know.

I am here today to talk specifically about the After-School Programs and Summer Nutrition Programs. These programs are designed to provide nutritious meals and snacks to children when school is out. We know that when children participate in Federal food programs that they do better with their weight, and that children when they are out of school gain weight. We have science behind that.

We really need to make sure that we can provide these children with these meals and snacks that are nutritious, and sponsors are trying to increase the quality of the food that they served. We have worked with a community in Middletown where they really worked hard to have better food that the kids will eat, but also increase their fresh fruits and vegetables. They need funds to do this. They can't do it with the funds that they have now.

I just very quickly would like to say, in Connecticut with our School Nutrition Program, we have schools that certify as healthy schools, and when they certify as a healthy school, they are given ten cents extra per meal served from the prior year. I suggest this would be a great way to incentivize other Summer Nutrition or After-School Nutrition Programs, as well, and give them the funds to be able to get the healthier foods.

These programs are really great because they combine food with activity. We see a lot of kids that go in and they swimming because they can get a meal, or they can do arts or after school they can do their homework, they can play basketball. They get some of the physical activity that they might not get if they are sitting at home.

So it is key to us. We really feel that it is really imperative that we keep these programs as activity-based, as well, because as you say, it helps us look at the whole child and look at the future of our children and look at them as both health and as psychological health of our kids and getting them food and activity.

I would suggest that we need to increase access to these programs. Right now, the Summer Nutrition Program nationally serves one in five eligible children. In Connecticut, we served one in four. We are No. 8 in the country. I mean, that is pretty terrible. It is great because we are No. 8, but it is really pretty terrible.

So right now, the area eligibility is at 50 percent. We suggest that we go to before 1981 standards of 33 percent, and at the very least, we use the current and non-food Federal funding for programs such as the 21st Century Learning Grants of 40 percent so that we have at least the same basis in that way and we can grab more children.

I also think that we can create partnerships with farmers and farms on these programs. Again, in Middletown, we had a partner-

ship with a CSA, Long Lane Farm that is part of Wesleyan University, and they came in every week and taught the kids. They planted something with the kids. They taught them about farming. They taught them where their food came from. They brought them foods that they could try. As anyone with kids knows, if other kids are going to eat something, they might try it, whereas they might not at home if it is their siblings or their mother goading them.

Nutrition education is key. The expanded Food and Nutrition Education Program, we can work with them, FNEP. Again, using the healthy food incentives would be really helpful as a way we can—we have these programs. Let us use the nutrition and the program together to increase nutrition.

Outreach is absolutely necessary. We have found in Connecticut, we give out in End Hunger Connecticut five grants of $750 to communities, to sponsors, as a way to buy things that are non-food related. So maybe they raffle off bikes. A kid would come every day, and every time they get a raffle ticket. At the end of the summer session, they would raffle it off and somebody would win the bike. It would have them come. They would want to come. They would tell their friends. They would have smoothie days, things like that. We increased last summer alone, with those, just those five sites, we served an 18,000 additional meals and over 400 kids daily in those sites, and that is a $3,000 investment.

We really do need to get people out there and do outreach because we can get to families. We can hang door knockers. We can get out flyers to schools before school is over. But it is really key that we let people know that these programs are happening. We also need funding for startup and expansion and transportation funds.

And finally, the summer meals and also the after-school snacks and breakfast should receive commodity support, and in the rural areas perhaps cash in lieu of commodities because it is more cost effective.

After-school snacks, there is really not enough food for an after-school snack. I have a son who eats lunch at 10:30 in the morning and then goes off and plays football. I know he is not in an after-school program, but I worry about him practicing football until 6. Kids need something in between, particularly if they are eating early.

You guys last year, excuse me, with the Economic Stimulus Plan, we added two more States to the supper programs and we would like to see that all over the country because they are really just key programs. We can feed kids all year long. They can feed them during the weekends. They can feed them after school, families who get home late. It is just enough food for our children. We need to feed them what they really need. And then we can also do that through the National School Lunch Program, which would be great.

The final thing that I would like to add is that we would really, really like to see this as a year-round seamless program, the Child Nutrition Programs. When you have a sponsor doing Summer Nutrition and them somebody else doing After-School, the rules are all different, CACFP, they are all different. People don't do they because they are just so difficult to navigate. We would put all the out-of-school meal programs together, create one program with

identical eligibility procedures, identical reimbursement, and administration. It could really streamline these programs, save money, and feed kids at the same time. We don't need a mishmash of programs right now. We need one whole program that will do the best thing and would be the best economically, as well.

So those are my recommendations. Thank you very much.

[The prepared statement of Ms. Nolan can be found on page 84 in the appendix.]

Chairman HARKIN. Thank you very much, Ms. Nolan.

Let me pick up on what you were just saying there. You are saying that we ought to put together the Summer Feeding Program, After-School Programs, the supper programs—what else am I missing here——

Ms. NOLAN. CACFP.

Chairman HARKIN. Right, the Adult and Child Care Programs, put them all together sort of under one guideline, one operational kind of a program. Is that what you are saying, that they should all be together?

Ms. NOLAN. I am saying that we are at a position now where kids aren't eating on weekends. They are not eating during school vacations. And so if we can put them all together and have one common program where kids can then get these meals during the year and everything is—right now, we have sponsors who—with the After-School Program, and I know in CACFP with shelters, I have talked with people in homeless shelters and it is just too difficult for them to keep all the—to make sure that they have all the little things that they need to have to give to our State Department of Education to get the funding. And so if we can have something that is just everybody could have it together, I think the administration would be easier, kids would eat, and more people would be sponsors.

Mr. HECHT. May I add an example to that?

Chairman HARKIN. Sure.

Mr. HECHT. We have a private program in California that has operated since the last reauthorization in which sponsors of summer food are permitted to go on serving snacks during the school year to children under the summer food rules so they don't have to grapple with two sets of rules and regulations and reimbursements. The numbers of sponsors has gone up enormously. The number of kids participating has gone up enormously. If we had a community-based program and a school-based program, just two programs instead of as many as we have, it would be enormously better and cheaper with money that could then get poured into nutrition.

Chairman HARKIN. Hmm.

Mr. HECHT. It was a recommendation that was made several administrations ago but didn't go anywhere, but it is terrific.

Chairman HARKIN. I will take a look at that. Also, you mentioned about in the Summer Feeding Program that a lot of times, what attracts kids is not the food, it is the other ancillary activities, swimming and games and things like that. I am sure you are not saying that the food doesn't have some part of it, but there is another aspect to this. If that is so, then what kind of suggestions would you have that we might institute that would draw kids in

for the Summer Feeding Programs? I mean, we have the Ys, for example, YMCAs all over the country that are really involved in wellness programs. They have embarked on this several years ago. So would that be something that could be a part of this? Maybe churches could be involved in this, too? I am just kind of searching. How do you promote all these activities that then you can get food to these kids?

Ms. NOLAN. Our grant program is called "Operation Participation" as a way—because we want kids to participate, and what we found is that if you get this little—something to get them, they will tell their friends who will then come. And simple things like in one community, we had police officers and firefighters come every Friday and read to them, and there was this big trunk and it was the mystery of what was in the trunk. And at the last day, they would read some clues as to what was going on and the kids would have to guess. And at the last day of the feeding program, they opened up the trunk and they all got T-shirts that said, "I participated in the Summer Feeding Program."

The raffle that I talked about, we got kids who came because they wanted that bike so badly. There were two bikes and they wanted them so badly that they came to make sure that their names were in the raffle.

We have had art supplies that have come, and so we have really been able to—kids will come and do art because they know that that is there. And we can streamline eligibility with the Federal funding for the summer programs using the 21st Century, you know, doing the 21st Century Program. So we can use that as a way to get kids.

But what we found is, and I think you are right, the food is certainly a pull, but they want a whole experience, and this is a way we—what we have done is been able to build the community into these summer sites, so we have the police officers come, the firefighters. We have had raffles where kids come and they are able to do a raffle.

Chairman HARKIN. I guess what is on my mind is I am thinking that since we are limited in what we can do here, we can provide the funding and we should increase the funding for the Summer Feeding Program, the Child and Adult Care Program, After-School Programs, but should we somehow link it to certain activities that the local community has to engage in to be able to participate, in other words, providing those kinds of sports, activities, things like that for kids rather than just setting up, as I have seen in some places where they just go to a park and they bring a lot of food and kids come to the park and they can have a lunch or something, which I don't think works very well. In other words, encouraging local communities to think about how they do the things you are talking about, getting the local firefighters, police, and stuff like that involved.

Mr. HECHT. Let me sharpen the question just a minute. In California, over 80 percent of the children who eat summer food meals eat them at school, during summer school generally, and we are starting to see that beleaguered school districts aren't going to be able to offer as much summer school as they have in the past, so there are going to be more children unanchored to a program or a

school that gives them a summer food meal. So there is a serious problem, I think increasing this coming summer, at least in California, of children who are not going to be close by some activity, either academic or recreational, where we can plop a Summer Food Program.

Ms. NOLAN. I also—I think that if we could do—if there is some kind of a pilot that we could do to try this out, maybe State by State and having where they are connected, it would be helpful. I think that it would be something that you would see some more significant usage of the program.

Chairman HARKIN. And I also want to see what role we have for the Ys around the country, because they are really into wellness and promoting wellness, and perhaps this is something that we ought to be looking at as part of this.

Ms. NOLAN. Boys and Girls Clubs, I think.

Chairman HARKIN. And Boys and Girls Clubs, too. Yes, Boys and Girls Clubs, too.

Senator Chambliss?

Senator CHAMBLISS. Thanks, Mr. Chairman.

I like your idea, Ms. Nolan, of trying to create some sort of umbrella out there. What we tend to do as policymakers here in Washington all too often is that we create these programs and they are all great programs. You all have talked about your individual ones. All of a sudden, somebody comes in with another idea and we create a fourth panelist on this panel all of a sudden who has a great program and we throw money at it.

Mr. Hecht, you make a great point that throwing money at it is not necessarily the answer to it. Certainly everybody can use more funding, but if you had them all under one umbrella and you restructured the programs so you don't have the overlap, you are going to wind up saving a lot of money to be able to be spent on additional meals and what not. So I think are some very good ideas that you all have tossed out there.

Ms. Nolan, it is pretty obvious that what you are doing with kids in your program is you are letting them have fun. If kids have fun, they are going to show up.

Ms. NOLAN. Right.

Senator CHAMBLISS. There is probably a lot of peer pressure bringing in other kids, too, if they know they are having fun. So obviously you are doing a lot of the right things.

Dr. Paige, I was curious about in your statement that everybody at 185 percent of poverty level ought to be automatically enrolled. What you are saying there is that all of those folks are eligible now. They are just not enrolling. And you are not talking about an expansion, you are just talking about making sure that folks that are eligible do get enrolled again, which I am sure there are probably some of those parents who, when they leave the hospital, maybe they don't know about the program or some of them want to do it on their own rather than depending on the government. But that is an interesting concept you throw out there, that it will save us money in the long run if you do have more families participating in the program.

Mr. PAIGE. Currently, Senator Chambliss, there is not a sufficient appropriation to meet the entire need were we to be success-

ful through our outreach efforts to bring all of the eligibles into the program. So my own view is that not only will the nutritional risks be addressed, but we will have the opportunity to develop a more comprehensive preventive program. It is hard to measure the prevention, but when we are talking about newborns and we are talking about pregnant women, there is a strong, compelling case to be made that prevention is as important as the remediation that we attempt to do by identifying nutritional risk.

So it is from that perspective, that broad-based public health preventive perspective, and it is not simply empty rhetoric. We know through the data that when we can begin to provide a nutritional infrastructure, we can start with a comprehensive program prenatally. We can deal with the range of obstetrical and behavioral problems. We can start this nutrition education. We are talking about obesity and we are talking about where to start, as I mentioned quickly in my prepared comments.

But my own view is that we need a vertical, comprehensive, integrated, coherent program of all of the nutritional programs, not just WIC. What we have now is a fractured system. It is a good system. WIC is a wonderful system. But it needs to be integrated with Head Start and it has to have a linkage into the schools. We have to have, as was mentioned earlier, a standard, unified approach with regards to qualifying as well as reducing the burden on the client to continue to qualify for many of these programs. We can be much smarter about it. We can integrate it. We can move to a streamlined approach.

We can locate these programs with health programs so that we are dealing in a more comprehensive, unified approach to deal with the nutritional risks that exist within the population that we are serving. We can make effective use and economical use of the personnel back and forth between this, an electronic system that would communicate back and forth in terms of immunizations, in terms of social services.

We have complex problems here. We have poverty that feeds, if you will take the metaphor, the malnutrition that exists and we have to be clever about it. It was mentioned by my colleagues here that we must have a more comprehensive, effective system, particularly as money becomes less available, we have to be smarter about the way we run these programs. We have to start preconceptionally in the schools with our young women and young men in terms of health issues, and we have to address the—obesity is not an isolate. Low birthweight is not an isolate. These are part of a continuum that exists within the community and we keep looking at it.

We are the best country in the world. We really have the best programs in the world. But we are not clever about the way we apply them in our lower-tier population that needs a consistent, coordinated message that moves over time, because after two or 3 years, we have our children graduating from WIC and they are going into school and they get a different message, and they get a different message in every State and in every community with respect to good nutrition. It is a more amorphous concept than simply saying good nutrition.

So we need Federal standards and guidance with regard to a unified message. We need a streamlined, integrated approach. We need a vertical, coherent, logical approach that is built on sound nutrition science with a core that is, I would say, federally suggested with the embroidery around it in terms of the expression of the communities and the States that we are dealing with and we have not been clever enough to accomplish that, and it is very cost inefficient. We are losing tremendous amounts of money.

The client burden—forget even the client burden. Going from one doctor to get a hematocrit and then going to—a blood count, and then going to another place to get another blood count, and then having to carry that information, that is not an efficient system and it doesn't lead to good care, either.

Senator CHAMBLISS. Mr. Hecht, your comment about one in four children are obese before entering kindergarten is an interesting statistic, because child obesity obviously is a problem that all of us are concerned about now, and the fact that it does go up rather than going down is also pretty alarming. Is there a direct correlation between that statistic and the economic strata which those children come out of?

Mr. HECHT. Yes and no. I wish I could give you a simpler answer. There is no question but that it costs more to have healthier food and that the families with less money are having a hard time helping their children have healthy diets. On the other hand, as Dr. Paige mentioned, there is obesity at every income stratum and it is not isolated to the low-income areas, but the causes of it seem clearer at lower incomes and the consequences seem much more severe.

Senator CHAMBLISS. Last, Mr. Hecht, you mentioned in your testimony and in your written statement that this paperwork in your program is a real problem. Is there any way for your providers to go online to do this versus having all this paperwork to complete? And second, what can we do to eliminate that paperwork? I have no idea what it is or what all the requirements are, but what can we do about it?

Mr. HECHT. That is a very welcome question. Yes, there are ways that our providers can begin to use computers to go online to file some of the information that they need to. The next group up, the sponsoring organizations, are doing that much more. Some of the providers, particularly if they are in the family child care homes, have difficulty either owning or being adept at some of the computer technology.

The paperwork is extremely burdensome in the family child care homes and in the centers. There has been a Paperwork Reduction Task Force meeting. Some of those recommendations have been met, some have not. It ought to be carried on. There are some questions that are asked of providers, if they serve the same number of children day after day, is that real or are they making that up, which is sort of a blunt instrument for trying to make sure that there are no fraudulent claims being made in child care. But the paperwork requirements that have been put in place to try to stop that are really very blunt and are burdensome to the providers and to the sponsors and not very adept at catching any problem if there is a problem.

Senator CHAMBLISS. Thanks, Mr. Chairman.

Chairman HARKIN. Thank you very much.

Senator Casey?

Senator CASEY. Mr. Chairman, thank you very much, and I want to thank Senator Klobuchar for letting me jump the line here. I am grateful for that.

I was looking at some of the particulars, Dr. Paige, of your testimony as well as both of our other witnesses and some of the numbers in here are just staggering and worthy of repetition many, many times, even though it is bad news, because we need this information to focus us on the urgency of this.

The 13 million American children below the age of 18 living in families with incomes below the poverty level is a stunning number in and of itself. The percent of children in poverty increases to 21 percent in children below the age of five. The section on low birthweight, where you are highlighting that problem, but you also have some good news there. Based upon the data, the WIC Program reverses many of the negative outcomes that we are talking about.

And then, of course, under the section on infant mortality, this line I have never seen before and it really—we know it is true, but we don't see this very often, that the disease burden among the survivors is lifelong.

Mr. PAIGE. Yes.

Senator CASEY. And it is just staggering what our challenge is. So it leads to my question on the WIC Program. We have, as we know, we are in the midst, I should say, of a terrible economic crisis, a lot of families living through that trauma and we have limited budgets and limited resources. But I guess I would ask you, Doctor, if you could, and I know it is difficult to do this, but to rank some of the recommendations that you make in terms of the three most urgent or the few that are most urgent in light of the need and the gravity of the problem, but also in the context of the budget realities we have.

Mr. PAIGE. Thank you, Senator Casey. Thank you for highlighting those very significant numbers. I might add that those numbers that you have just read escalate dramatically in our minority populations. In female-headed households in Baltimore or in Washington, we are looking at 60 percent poverty. So these are extraordinary problems that we are dealing with nationally.

I would also like to comment briefly, if I may, and I will be very brief, regarding the lifelong burden. Over the last eight to 10 years, the research has been prolific in the area of fetal growth restriction and low birthweight, the result thereof, and adult disease burden. The adult disease burden is in terms of shifts in the internal physiology—anatomy and physiology of the fetally growth restricted that results in heart disease at age 50 and 60 and results in diabetes and results in a number of disease burdens that up until very recently we thought were very isolated, circumscribed, age-specific problems, and we are much wiser now.

So when we quote statistics regarding the dollars saved in the neonatal intensive care unit, that really is just the beginning. We have the disease burden just moving through time. And underpinning that are the congenital anomalies that exist as a result of the

inadequate nutrition and environmental hardships that exist that are continuing.

So now to your question. I really can't answer the question entirely. I can just say philosophically, my own view is to start at the beginning to try to maximize and optimize the embryo, where we have many, many problems. We don't think of the embryo. We think of the fetus and we think of 30 weeks and 34 weeks, where there is a more tangible human experience. But the embryo is undergoing enormous development and requires the best nutrition. So we have to get our women into the program very early.

We have to increase education, not just for our poor women, but for our population in general. These are not problems unique to this population, they are just escalated in this population.

So my own view is to start peri-conceptionally, move through pregnancy and infancy into childhood. But you note in my testimony, I try to make the point that in the one-to 4–year-old, these are youngsters who are already walking. They are cute, but they no longer have that intense position in the household as a newborn, so it is easy to forget them and the risks that they face in terms of the nutritional factors that are required for interaction, for cognitive development. So we pay a penalty if we sacrifice our one-to 4–year-olds and only concentrate.

So it is a complex question. There is a hierarchy. My own view is to maximize, optimize fetal growth, pregnancy, and the early infant period, and I think we need to address the preventive elements of the WIC Program in this in terms of now only the food, which is absolutely critical, it is the substrate that makes it all work, but the education and the continuing education that exists, and you heard in my earlier response, I see it as a vertical issue. I see that we have to protect this newborn right through the one-to 4–year age, right through Head Start, right into school. We need it in a coherent manner and that would be an attempt at answering your question, Senator.

Senator CASEY. Thank you, and I know I am over time, so I will just present this to Ms. Nolan as something we will be sending to you. I have worked hard on the Summer Food Program. In our State, we have a large portion of our State which is rural, and I will ask you a question for the record that I will preview now. I just ask for your recommendations about how to make that program more effective in rural areas, the Summer Food Program in rural areas. But we are about a minute-and-a-half over, so we will submit that for the record. Thank you very much.

Chairman HARKIN. Thank you.

Senator Klobuchar?

Senator KLOBUCHAR. Thank you very much.

Thank you to all of you for your good work. I was very interested, Mr. Hecht, and kind of shocked at the statistic that you put out there on the two-to 5–year-olds with 25 percent of them being obese or overweight. Could you explain, and I know you talked a little bit demographically earlier, but could you explain, just take a little time to explain why you think this is happening?

Mr. HECHT. Well, I think there are two parts to it. One is calories in and one is calories out. I think it is as simple as that, that the children are not getting movement either at child care or at

home. There is a tremendous amount of screen time, as I am sure you know, and every reputable body says there shouldn't be any before a child is one, one or two, and then there should be perhaps an hour of limited quality education type of TV if there is any. But in so many homes, the TV is just on all day.

And on the food side, as we all know, Adam Jernowski [ph.] has done good studies, others, as well, that show that healthier food is more expensive to purchase, and so it is—and in some cases, less accessible. So it is both access and affordability that makes it very difficult for low-income families to feed their children the kinds of food they would like or for child care providers to have the kinds of food they like.

On the other hand, we found a very interesting thing which we are still developing, but I think it is solid, is that the families that paid more for child care got less in terms of nutrition because they weren't always going to the programs that had the Child Care Food Program with the Federal reimbursement. So for all the bashing, the Child Care Food Program is a good program. It needs to get better, but it is a good program.

Senator KLOBUCHAR. Very good. Thank you. You know, speaking of that program, are you recommending that we change the law to mandate that—because you were talking about some of the issues with it—that the changes for child care sites, that these changes for child care sites you have suggested, that it should be a mandate in terms of receiving the nutrition dollars?

Mr. HECHT. Yes, I do.

Senator KLOBUCHAR. And what do you think would be the best recommendations to try to change the program?

Mr. HECHT. I would go in two directions. One are the, what I think are modest recommendations with regard to the quality of food, that we really borrow from the WIC food package change and increase fresh fruits and vegetables, whole grains, get water into those kids, low-fat milk, and limit sodium, salt—sodium and sugar and fats. And then the surrounding environment, which includes some of the screen time, physical activity, not having certain kinds of food around where the children are, what we now referring to as foods of minimal nutrition value in the schools. There are just some things everybody knows kids shouldn't have and those ought not be there. I think those are practical, implementable suggestions, in addition to increased reimbursement, of course.

Senator KLOBUCHAR. On the other thing, when you were talking about the early childhood on and the mothers and whether or not some of these kids are just preprogrammed, which is a scary thought, based on the nutrition they have received before they were born, I listened to that because I think that is an issue that we see that just makes it so hard for these little kids.

Dr. Paige, you wanted to——

Mr. PAIGE. I was just going to jump in and say, paradoxically, many of the low birthweight infants are at risk for obesity because given their reduced size, organ size and shifts in hormones and so on—I have lectures here that I won't bore you with—given those shifts, when they are born into a calorie-abundant environment, they tend to increase weight more quickly and their feedback systems with respect to satiety and control are also in many ways

interfered with. And as a result, we have this paradox of low birthweight, and it may account—the question was asked earlier why demographically would we see a tilt perhaps in this population of economically disadvantaged, and this is arguably an important issue that is being pursued scientifically. But there is enough evidence at the moment to at least underpin the logic of it, yes.

Senator KLOBUCHAR. When you talked, Dr. Paige, about how you can make it easier for people, and clearly how we do a better job here is to get this nutrition information and get it out there and make it easily as accessible as possible to low-income families from the very beginning, so you talked about how difficult it is to access the information and trying to do it on a site basis. Could you just elaborate a little on that in terms of making it—what would be your dream of how to make this accessible to low-income mothers?

Mr. PAIGE. Well, we have been very clever about doing this internationally in terms of providing star power and other agents of change within a community with regard to musicals and other elements that are quickly identifiable by many of us in the population. We need also that for attention. But then a consistent message, as well. We have a very fractured message across the spectrum of services that we provide.

So we need that reinforcement, and then my dream—I am coming back to the same theme, though—is that we are working in a cooperative, integrated manner with the food programs that are out there, with the school program, in a consistent message, as well. There are conflicting information. We see in the newspaper frequently, even for us on an upper-tier, maybe, suddenly the scientific information or the food information has changed and the sands have shifted under us. It is both proper, but this is happening on a continuing basis in terms of the, I will say it again, the fractured message that exists out there.

I think I will stop there and get your response.

Senator KLOBUCHAR. OK. Well, I am out of time to do my response. Could I just ask one more question, Senator Harkin? It was actually the question that Senator Casey was going to ask you, Ms. Nolan, about how you would replicate this idea on a rural basis.

Ms. NOLAN. Well, there—one wouldn't believe it, but we do actually have a fair amount of rural poverty in Eastern Connecticut and one of the things that has been an issue is the transportation. I think that if there is a way that we can increase transportation to those places, some people say that we can increase the time in which—or lessen the time that the food has to be there so that maybe somebody can drop it off and then have the kids come in, or have it for a longer time. There are a number of things. There are a number of people who have worked on this and I will be happy to get you something really written up that explains it fully.

Senator KLOBUCHAR. Thank you very much.

Ms. NOLAN. You are welcome.

Mr. PAIGE. May I just add, Reverend Greenaway reminds me that the National WIC Association is launching on Tuesday a partnership with Sesame Workshop, which is specific to my general comment regarding utilizing the various outlets of communication and advertising and——

Senator KLOBUCHAR. So how are they doing that? Are they showing Sesame characters eating spinach?

Mr. PAIGE. Well, we will both watch on March 10.

[Laughter.]

Senator KLOBUCHAR. That is good.

Mr. PAIGE. But whether that is or is not successful, we need an approach that addresses it in the language, in the venue that people are comfortable and operate with.

Reverend, do you want to answer? Are they going to eat spinach?

Rev. Greenaway. Well, we have a partnership with Sesame Workshop which will provide Healthy Habits for Life kits, which are a combined video and reading material, educational tool for WIC families that emphasizes "eat a rainbow," so all of the fruits and vegetables. Talking Broccoli will be there and Cookie Monster tomorrow. Cookie Monster will be talking about sometime and anytime food. And those who have little children know that when they go to the grocery store, they go, "Oh, no, Mommy, that is sometime food, but carrots are anytime food."

It is that kind of nutrition message that we are trying to reinforce with Sesame Workshop that we have been communicating within the WIC clinic all along, but now we have a great collaborative partnership to do that. We are putting in the hands of WIC families already five million of these Healthy Habit kits, which include a DVD that they can play at home and they are already a big hit.

Senator KLOBUCHAR. OK.

Mr. PAIGE. I would add that within the WIC Program, as well, we are looking for ways to use internet-based education and other efficient methods that use modern technology to reinforce the message, provide DVDs and a range of information so that there can be an interactive chat room on the internet. These are—each one will not solve the problem, but in a coordinated effort that provides this broad-based approach, we can make progress.

And as I said, we have been very successful, the U.S. has, in achieving this internationally, but we haven't been clever enough to apply it consistently here in our own homes and our own country.

Senator KLOBUCHAR. Thank you very much.

Chairman HARKIN. Thank you all. I just have one other area that I would like to cover with you, Dr. Paige, and that is the area of breastfeeding. Twenty-eight years ago this year, when I was a member of the House, I was one of the honorary co-chairs of the National Breastfeeding Coalition. That group had formed to protest the activities then of the Nestle Corporation in terms of their provisions of infant formula to not only poor families around the world, but also how they were providing it to mothers in hospitals. As soon as they gave birth, they got a nice package of infant formula.

That coalition was, I think, fairly successful at that time in terms of the boycott and Nestle agreed to change a lot of its practices at that time, in the mid–1980's, although I understand that now it has crept back in, that there are still these packages given to mothers in hospitals as soon as the child is born. They get these packages of infant formula and things like that. I don't know how

extensive that is, but I have heard that it has kind of crept back in.

And since that time, even in my own family, we have been heavily involved in promoting breastfeeding. But we found, as you kind of alluded to, I think, and that is among low-income women, the incidence of breastfeeding is the lowest. Among higher-income women, it is the highest. So what are the barriers? What are the barriers getting low-income women focused more on breastfeeding?

Mr. PAIGE. What is interesting is that if you look at the data in the 1960's and 1970's—and let me also say I have not only been aware but a strong supporter of yours at arm's length in terms of everything you have done in this regard. In the 1960's and 1970's, through the early 1970's, the level of breastfeeding among the low-income population was quite high. In the course of a generation, a generation and a half, we have reversed this.

It is the attraction of formula, and this attraction starts in the hospital when there is a discharge pack. Our colleagues in the infant formula business are clever about this. They say, yes, breast is best, but when you need to go out for an evening or so, and slowly both the commitment as well as the lactation begins to erode and you have a quick move to formula.

Yes, in the hospitals they are now giving out infant formula packs. Our own data shows clearly that there is a marked difference between those who receive the pack versus those who do not in terms of the rapid decrement in breastfeeding. This is a problem that has resurfaced.

I am all for enterprise and entrepreneurial activity, but I do think we have a responsibility here to our newborns to eliminate that practice.

Chairman HARKIN. You talked about peer counseling. I think that is extremely important—extremely important.

Mr. PAIGE. We have been—thank you for raising that, Senator Harkin. We at Hopkins have been working aggressively in this area and the data shows clearly that the—not just the individuals, but the clinics that have peer counselors present do much better in terms of initiation and duration.

Chairman HARKIN. Yes.

Mr. PAIGE. This program is an extraordinarily strong program.

Chairman HARKIN. The other thing, Dr. Paige, is that there has been a shift. In the 1960's and 1970's, fewer women in the lower economic strata were employed. They were at home. That shifted because of the erosions of the economy and their husbands' pay, things like that. There are more and more women in the workforce. And what has happened is—let me take an example.

My oldest daughter has a very nice job in California. Her company provides all kinds of benefits for breastfeeding. They have a room. They have refrigeration. You can pump. They just provide all that kind of stuff. But she doesn't have a minimum-wage job. See, most of the low-income women, they go to work at 7–Eleven or Casey's or in a department store, things like that. They just don't provide that kind of help, so they are caught. They may want to breastfeed, but they don't have the ability to do so.

Mr. PAIGE. Yes.

Chairman HARKIN. So what I am hoping is that we would—I hope this administration, I hope the Obama administration and I hope others will start talking about a national effort to provide support for new mothers in the workplace so that they are able to breastfeed their children. We just don't have that at all in this country and we need that national effort. It is also the workplace that we have got to start looking at. So there are a lot of areas. I hope you will start looking at that, too, of how we change that attitude, that mindset that we have in this country.

Mr. PAIGE. Yes.

Chairman HARKIN. I mean, I have seen personally and I have heard many stories of women who take their children someplace, maybe a restaurant, they are breastfeeding, and they are told to stop.

Mr. PAIGE. Let me just jump in on that. My doctoral student, who is now my colleague, Dr. Gross, was at Toys 'R Us. This is in the State of Maryland about eight or 9 years ago. She was breastfeeding in Toys 'R Us, of all places, and she was asked to leave. She then went on a tear. She was angry and educated and she got the law changed in the State of Maryland that someone can discretely or appropriately breastfeed in appropriate establishments.

You have raised the points that have been at the center of my concern for many, many, many years in terms of how we begin to change the culture, the workplace culture and even the community culture, because there is a lack of receptivity to breastfeeding, whether it is on a train or at home. Some of the strongest negatives exist within the family itself. So we have a great deal of work to do in this particular area.

The peer counselors have been very effective in breastfeeding and I think they can also work in other areas of WIC in terms of even the issue of obesity, in terms—our communities tend to respond more immediately to the exhortations of folks from the community. They are a powerful force.

Chairman HARKIN. We have got to focus on this, because President Obama has suggested and has supported this visiting nurse program and put it into his budget, by the way, for next year, which is laudable, and that is visiting nurses to go to homes, low-income, poverty homes where we have pregnant mothers-to-be and to work with them on their nutrition and stopping smoking and don't drink alcohol and that kind of peer counseling. All of that is well and good. Hopefully, we can try to expand that beyond that to also as an encouragement for them to breastfeed, at least for the initial stages of the baby's life.

Mr. PAIGE. The decision to breastfeed is really made prenatally, usually, the data suggests, in the seventh or eighth month, as the realization, recognition of a new life to be born and a responsibility, and we need to bring in our obstetrical community, our nursing community. As I said several times, we need to be clever about it and we need to shape this in a way that is also consistent.

I would add, not a polemic but just a fact that many of the WIC women, while they initiate, the numbers begin to approach Healthy People 2010 goals, many—a large number abandon breastfeeding within the first three or 4 weeks. So those who do elect do not have

a—we do not have the structure either in our health system or in WIC or in any of the social services to reinforce that decision on the part of the mother and she becomes quickly discouraged. There is no support internally or externally and there is abandonment.

Chairman HARKIN. Well, listen, thank you all very much. This has been a great panel and I thank you for your leadership in this area, all of you, in this whole area. We invite your continued input and advice to us as we develop this reauthorization of the child nutrition bill.

I thought the two panels were very good. We focused on the school-based programs and we focused on the non-school-based programs, Child and Adult Care, WIC Programs, After-School, Summer Feeding Programs, and we have to think about how we streamline them, make them more effective. And one word I would add is how we leverage, leveraging money. In other words, if we are putting things out there, what can we get communities then to add on to in terms of leveraging those dollars a little bit better out there.

But thank you all very much and the committee will stand adjourned until the call of the Chair.

[Whereupon, at 12:07 p.m., the committee was adjourned.]

APPENDIX

March 4, 2009

Statement of Chairman Tom Harkin (D-IA)

Hearing on Improving Nutrition for America's Children in Difficult Economic Times

As Prepared for Delivery

"Today's hearing continues this committee's ongoing efforts to address issues of child nutrition and health. In our first hearing in December of last year, I spoke bluntly about the very real and damaging long-term health problems that we face in this country. Overweight and obesity, even among our children, have reached epidemic levels in America, raising the specter that our children will not live as long as their parents.

"Compounding these problems is a health care system that is ill-equipped to prevent disease. We must reorient our health care system so that it focuses on preventing diet-related illnesses and promoting good nutrition and wellness. As the witnesses in our last hearing outlined very clearly, USDA's child nutrition programs are a tremendous opportunity to make a lasting impact on the nutrition and eating habits of our children. A stronger, targeted investment in those programs must be a part of a comprehensive federal response to poor nutrition among our children.

"Our witnesses today will present us with some of the particular challenges and opportunities that we face in improving child nutrition, both when kids are in school and when they are not.

"We must start early. The WIC Program has long been one of our nation's most effective public health programs and has proven itself time and time again. Our child care settings also present us with a unique and often overlooked opportunity to reach children before they enter kindergarten and expose them to the right kind of foods and eating habits.

"With over 30 million kids eating federally assisted lunches, the National School Lunch Program is perhaps our best opportunity to improve child nutrition and health. Research has shown that children who eat school lunches have higher intakes of a range of essential vitamins and minerals than children who consume lunches from other sources.

"However, while the quality of school meals has gradually improved over the years, much work remains to be done to bring them in line with the *Dietary Guidelines*. We know for example that two-thirds of elementary schools offer meals that exceed the standards for saturated fat, which is strongly linked to heart disease.

"One of the solutions is to improve school meals: offering foods that have more of the good stuff (vitamins and minerals) and less of the bad (added sugar, sodium, and fat). That means more low- and no-fat milk, leaner meats, whole grain products, and fruits and vegetables, particularly fresh. While that may seem like an easy recommendation in principle, many school districts will tell you it is much more difficult to put into practice for a variety of reasons, particularly cost.

"Fresh fruits and vegetables and whole grains tend to cost more than less healthful alternatives, so it is not surprising that some school food service directors find it difficult to offer these foods

given their limited budgets – budgets which are stretched even further during an economic downturn.

"That being said, there *are* school districts out there that are working within their current budget and still going the extra mile for their kids by creating an overall nutrition environment that teaches kids the importance of eating healthy, provides more healthful meals for them to eat, and encourages healthy living by requiring regular physical education and activity. We will hear testimony today from one of those districts, located in the city of Knoxville in my home state of Iowa.

"To be sure, we should not assume that every school district's budget allows them to replicate the success of school districts like Knoxville. Perhaps the most important question it raises for this committee is how Congress can best help places like Knoxville continue their good work and also help other school districts meet the challenge of offering more healthful meals.

"One welcome sign of help came in the President's recently released budget, in which the President proposed $1 billion per year in additional funding for child nutrition. This is a strong indication of how serious the new administration is about ending childhood hunger and teaching healthy eating habits at an early age so that kids are more likely to grow up to be healthy adults. Now Congress must make good on this proposal by dedicating real resources in our budget.

"A significant investment in the child nutrition reauthorization by Congress would be its own down payment on comprehensive health care reform that would acknowledge the very real budget difficulties that school districts, day care centers and other providers face while also ensuring that kids are getting the most balanced, nutritious meals possible. I look forward to working with the other members of the committee and hearing from our witnesses today about how we can address the challenges and opportunities we face to doing just that."

Senator Michael F. Bennet
Senate Committee on Agriculture, Nutrition and Forestry
Improving Nutrition for America's Children in Difficult Economic Times
Wednesday March 4, 2009

Chairman Harkin, I am pleased to be a new member of this Committee, because I have a genuine interest in many of the farming, natural resource, food, and nutrition issues that you all deal with every day. I am eager to learn and expect to spend a lot of time in the coming months traveling around Colorado, listening and learning from Coloradans and from my colleagues who have years of experience on this Committee.

No issue that you deal with day to day strikes me as more important to our future than child nutrition. Also, as a former school superintendent and father of three school-aged children, I know that children learn better when they have had enough to eat. No child can be expected to learn multiplication tables when they're hungry. Poor nutrition impairs cognitive development. And if there's one thing this financial crisis teaches us, it's that we adults don't have all the answers. We need our young people to develop into innovative, creative world-leaders. Nutrition and overall wellness are essential components of education reform, healthcare reform, and building a brighter future for generations to come.

Educators spend too much time filling out paperwork so kids can receive free and reduced-price school breakfasts and lunches. If we can streamline and automate administration and participation then our teachers can teach and our students can learn. We also have to make it easier for kids to make healthy choices, both at lunch time and in between meals by making sure schools are environments that foster wellness in the classroom, in the lunchroom and in the hallways.

Proper nutrition outside the school setting is just as important. If we expect children to come to school ready to learn, then they must be nourished during their first few years in day-care, during the summer months, and after school too.

Everyone in this room would like to see improvements in the overall wellness of our children. In a time of tight budgets and a childhood obesity epidemic, this will require creative thinking as we strive to improve participation, and improve meal quality simultaneously.

I look forward to embarking on this challenge with you, Mr. Chairman.

Statement by Senator Pat Roberts
Senate Committee on Agriculture, Nutrition and Forestry
"Improving Nutrition for America's Children in Difficult Economic Times"
March 4, 2009

Mr. Chairman, I thank you for holding this hearing today on "Improving Nutrition for America's Children in Difficult Economic Times." This year we are charged with the task of reauthorizing the Supplemental Nutrition Program for Women, Infants, and Children (WIC); the School Breakfast and National School Lunch Programs; the Food Summer Service Program; and the Child and Adult Care Food Program. The School Breakfast and National Lunch Programs are vital in enabling our children to learn and succeed. Studies have shown time and again that students perform better in school when they eat balanced meals. I look forward to addressing the nutritional concerns of our children to ensure that they eat balanced meals.

Abt Associates Inc.

TESTIMONY TO THE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

SUSAN BARTLETT
ABT ASSOCIATES INC.

MARCH 4, 2009

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United States Department of Agriculture
Food and Nutrition Service

April 2008
Special Nutrition Programs
Report No. CN-08-MCII

School Lunch and Breakfast Cost Study – II

Executive Summary

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Executive Summary

Study Background

The *School Lunch and Breakfast Cost Study-II* (SLBCS-II) was carried out by Abt Associates Inc. of Cambridge, Massachusetts, under contract to the Food and Nutrition Service (FNS), US Department of Agriculture. The study provides a detailed examination of the cost of producing reimbursable meals in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP) during school year (SY) 2005-06. Information was collected from a nationally representative sample of 120 School Food Authorities (SFAs). In each SFA, data were collected in a representative sample of schools and kitchens. In total, data were collected in a sample of 353 schools.

FNS has conducted several studies to examine meal production costs in the NSLP and the SBP. The last study, the School Lunch and Breakfast Cost Study (SLBCS-I), used a direct measurement methodology to develop national average meal production cost estimates for reimbursable NSLP and SBP meals. SLBCS-I was completed in 1994 and used data collected during the 1992-1993 school year. Reimbursement rates provided to States for lunches and breakfasts served in the NSLP and the SBP have been adjusted annually since SLBCS-I to reflect changes in the Food Away From Home series of the Consumer Price Index for All Urban Consumers.

Much has changed in school foodservice since SLBCS-I was conducted, and although reimbursement rates in the NSLP and SBP have been adjusted to account for inflation, there is concern that the current reimbursement rates do not adequately reflect the current cost of producing school lunches and breakfasts. Information from SLBCS-II will allow FNS to assess the adequacy of current meal reimbursement rates in these programs.

The study examined the costs charged to SFAs (reported costs) as well as those incurred by the school district in support of SFA operations, but not charged to the SFA (unreported costs). Together, the reported costs plus unreported costs are the full cost of meal production.

Reported Cost of Producing Reimbursable Meals

Reported costs include only those costs that are charged to SFA budgets. From the SFA's perspective, reported costs are the costs of running the NSLP and SBP and are the costs that they are expected to cover. In addition, NSLP and SBP subsidies for free meals are, on average, expected to cover costs. Food costs (including the value of donated commodities) accounted for about 46 percent of reported costs, while labor costs accounted for slightly less than 45 percent of reported costs. All other costs, including supplies, contract services, indirect charges by school districts, etc. represented slightly less than 10 percent of reported costs.

The average costs of producing reimbursable meals in the NSLP and SBP are examined from two perspectives. Costs are first examined using the SFA as the unit of analysis. The SFA-level analysis weights the sample so as to count each SFA nationwide equally, regardless of size. From this perspective, estimated costs represent the average cost for a "typical" SFA.

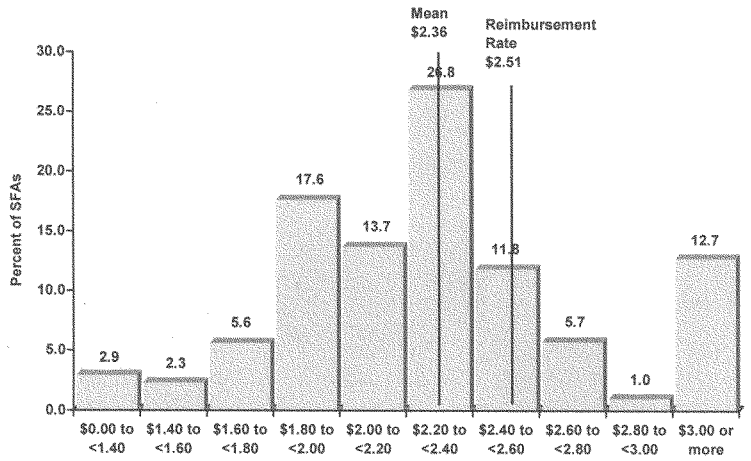
Costs are also examined using the meal as the unit of analysis. This analysis gives equal weight to each reimbursable meal, and since most reimbursable meals are produced in large SFAs, the results are dominated by the costs incurred in large SFAs. From this perspective, estimates represent the cost of an average reimbursable meal.

Reported Cost per Reimbursable Lunch

In SY 2005-06 the mean reported cost per reimbursable lunch was $2.36 when the unit of analysis is the SFA (Exhibit ES.1). The mean reported cost of producing a reimbursable lunch was $2.28 when the unit of analysis is the NSLP meal (Exhibit ES.2). The difference reflects the fact that reported costs are somewhat lower in the small number of very large SFAs that produce a large share of total NSLP lunches. The mean reported cost of producing a reimbursable lunch in SY 2005-06 was considerably less than the prevailing USDA subsidy for a free lunch of $2.51.[1] In 78 percent of SFAs, the reported cost of a reimbursable lunch was less than the USDA subsidy for a free lunch. Similarly, when the unit of analysis is the NSLP meal, 76 percent of all lunches served in SY 2005-06 were produced at a reported cost that was less than the reimbursable rate for a free lunch.

Exhibit ES.1

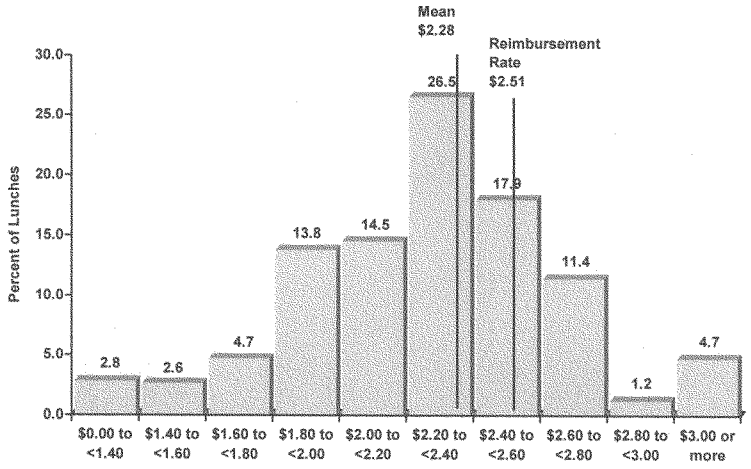
Distribution of SFAs by Reported Cost per Reimbursable Lunch



[1] This figure represents the midpoint between the lower ($2.495) and higher ($2.515) subsidy rates; schools qualify for the higher rate if a specified percentage of their lunches are provided free or at a reduced rate. The rates include $2.32 or $2.34 in cash reimbursements plus $.175 in entitlement commodities.

Exhibit ES.2

Distribution of Lunches by Reported Cost per Reimbursable Lunch



Reported Costs per Reimbursable Breakfast

In SY 2005-06, when the unit of analysis is the SFA, the mean reported cost of producing a reimbursable breakfast was $1.92 (Exhibit ES.3). When the unit of analysis is the SBP meal, the mean reported cost of producing a reimbursable breakfast was only $1.46 (Exhibit ES.4). Again, this reflects the much lower unit costs in SFAs serving large numbers of reimbursable breakfasts. These large SFAs serve a larger proportion of total breakfasts than total lunches, accounting for the larger difference between the SFA-level and meal-level mean reported costs for breakfasts compared to the difference observed for lunches.

The regular reimbursement rate for a free breakfast in SY 2005-06 was $1.27, with a "severe need" rate of $1.51.[2] In contrast to lunch costs, where the reported cost of producing a reimbursable lunch tended to be less than the Federal subsidy for free lunches, in most SFAs the reported cost of producing reimbursable breakfasts exceeded the reimbursement rates. In 64 percent of SFAs the

[2] SFAs receive reimbursement at the higher severe need level for free and reduced price breakfasts which are served in schools in which at least 40 percent of lunches were free or reduced price in the second preceding school year.

Exhibit ES.3

Distribution of SFAs by Reported Cost per Reimbursable Breakfast

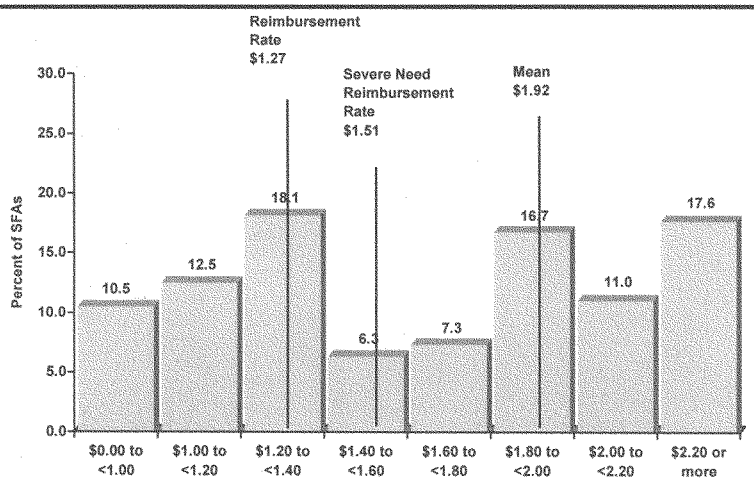
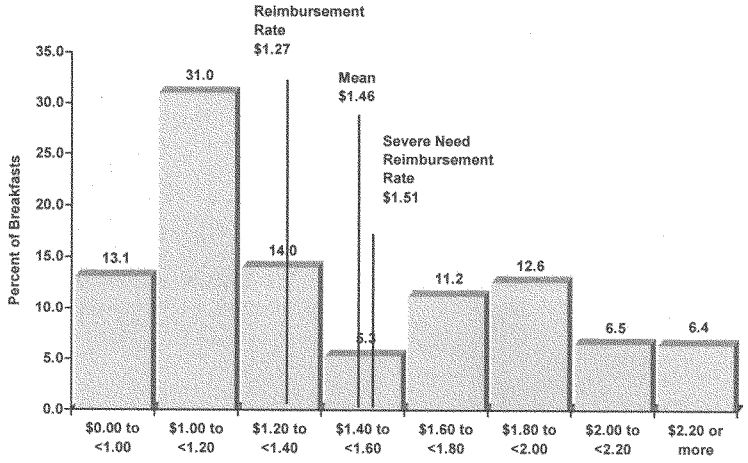


Exhibit ES.4

Distribution of Breakfasts by Reported Cost per Reimbursable Breakfast



reported cost of producing a reimbursable breakfast was greater than the applicable reimbursement rate for a free breakfast.[3] Even when the unit of analysis is the SBP meal so that larger SFAs are counted more heavily than smaller SFAs, 42 percent of all breakfasts served in SY 2005-06 were produced at a reported cost that exceeded the reimbursement rate for a free breakfast.

Meal Production Systems

The study examined meal production costs by the types of meal production system used by SFAs, as defined by the mix of the various types of kitchens used by schools in the SFA. Meal production systems included: a) on-site kitchens only; b) base/central kitchens only; c) mostly on-site kitchens; and d) mostly satellite kitchens.[4]

There were no significant differences in the reported cost of producing reimbursable lunches based on the type of meal production system used by SFAs. However, the mean reported cost of producing reimbursable breakfasts varied by the type of meal production system used, with SFAs using mostly on-site school kitchens having the lowest average cost per reimbursable breakfast ($1.38) and SFAs using only base/central kitchens having the highest average cost per reimbursable breakfast ($2.10).[5]

Reported Administrative Labor Costs

A major research objective for SLBCS-II was to examine the proportion of foodservice labor costs that were attributable to foodservice administration. This study broadly defined foodservice administration to include regular administrative activities such as planning, budgeting and management for the foodservice program and other non-production activities such as maintenance of foodservice equipment and warehousing of food and supplies. Across SFAs, administrative labor costs accounted for an average of 19 percent of total reported labor costs (Exhibit ES.5), and 8 percent of total reported costs (Exhibit ES.6).

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[3] The severe-need reimbursement rate was used for all schools in SFAs in which at least 40 percent of the lunches were reimbursed at the free or reduced-price rates because data to determine severe need status of individual schools were not available to this study. In fact, SFAs receive the higher severe need rate for breakfasts served in ***individual schools*** in which at least 40 percent of lunches were free or reduced price. According to FNS program data, in SY 2005-06, 89 percent of all free breakfasts served in the School Breakfast Program were reimbursed at the severe need rate. The study assumption that all breakfasts in an SFA were reimbursed at the same rate has only a small effect on the estimate that in 64 percent of SFAs the reported cost of producing a reimbursable breakfast was above the applicable reimbursement rate. The reported cost of producing a reimbursable breakfast was above the regular free reimbursement rate in 70 percent of all SFAs and was above the severe need reimbursement rate in 57 percent of all SFAs.

[4] Central kitchens are not located in a school; on-site, or independent, school kitchens prepare all of the food served in the school in which they are located; base school kitchen prepare food for other schools in addition to the one in which they are located; and satellite school kitchens receive some or all of the food served in the school in which they are located from a base or central kitchen.

[5] These are the average costs using the SFA as the unit of analysis. There were no significant differences in the average cost of producing a reimbursable breakfast across meal production systems when the SBP breakfast is the unit of analysis.

Exhibit ES.5

Administrative Labor Costs as a Percentage of Reported Labor Costs

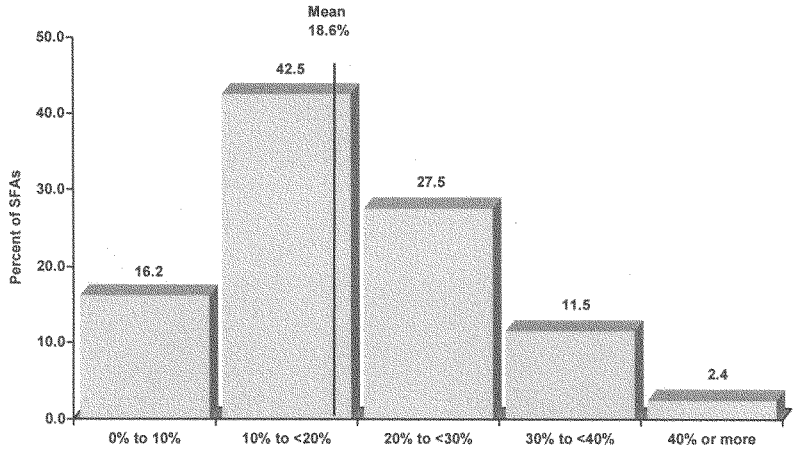
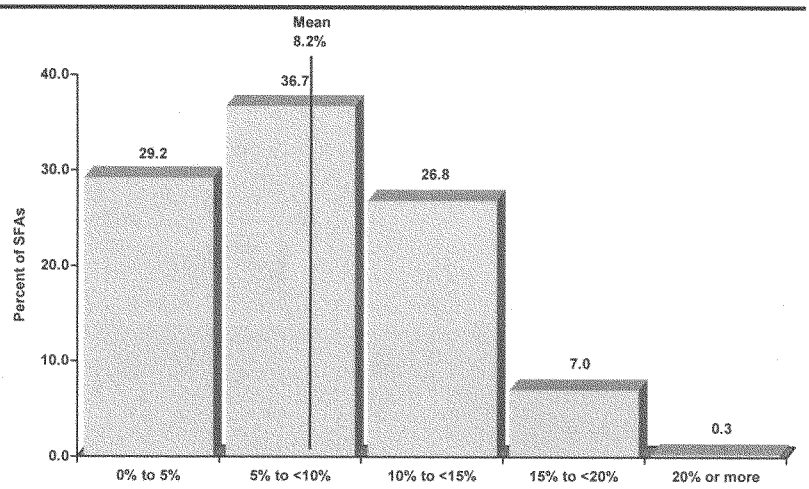


Exhibit ES.6

Administrative Labor Costs as a Percentage of Total Reported Costs



Full Cost of Producing Reimbursable Meals

While reported costs include only those costs that are charged to SFA budgets, and are the costs that they are expected to cover, the full cost of producing reimbursable meals also includes those costs incurred by the school district in support of SFA operations that are not charged to the SFA (unreported costs).

Full Cost per Reimbursable Lunch

In SY 2005-06 full costs per reimbursable lunch ranged from less than $2.00 to over $3.40, with a mean of $2.91 when the unit of analysis is the SFA (Exhibit ES.7). The mean reported cost of producing a reimbursable lunch was $2.79 when the unit of analysis is the NSLP meal (Exhibit ES.8). The difference reflects the fact that (as with reported costs) full costs are relatively low in the small number of very large SFAs that produce a large share of total NSLP lunches. The mean full cost of producing a reimbursable lunch in SY 2005-06 was considerably more than the prevailing USDA subsidy for a free lunch of $2.51. In 68 percent of SFAs, the full cost of a reimbursable lunch was more than the USDA subsidy for a free lunch. Similarly, 72 percent of reimbursable lunches were produced at a full cost that was greater than the USDA subsidy for a free lunch.

Full Costs per Reimbursable Breakfast

In SY 2005-06, when the unit of analysis is the SFA, the mean full cost of producing a reimbursable breakfast ranged from less than $1.20 to more than $2.60 with a mean of $2.50 (Exhibit ES.9). When the unit of analysis is the SBP meal, the mean full cost of producing a reimbursable breakfast was only $1.81 (Exhibit ES.10). Again, this reflects the much lower unit costs in SFAs serving large numbers of reimbursable breakfasts. In 82 percent of SFAs the full cost of producing a reimbursable breakfast was greater than the applicable reimbursement rate for a free breakfast. When the unit of analysis is the SBP meal, 67 percent of all breakfasts served in SY 2005-06 were produced at a full cost that exceeded the applicable reimbursement rate for a free breakfast.

Meal Production Systems

As with reported costs, there were no significant differences in the full cost of producing reimbursable lunches based on the type of meal production system used by SFAs. However, the mean full cost of producing reimbursable breakfasts varied by the type of meal production system used, with SFAs using mostly on-site school kitchens having the lowest average cost per reimbursable breakfast ($1.79) and SFAs using only base/central kitchens having the highest average cost per reimbursable breakfast ($2.75).[6]

Full Administrative Labor Costs

On a full-cost basis, administrative labor accounted for an average of 20 percent of total labor costs, and 10 percent of total full costs.

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[6] These are the average full costs using the SFA as the unit of analysis. There were no significant differences in the average full cost of producing a reimbursable breakfast when the SBP breakfast is the unit of analysis.

Exhibit ES.7

Distribution of SFAs by Full Cost per Reimbursable Lunch

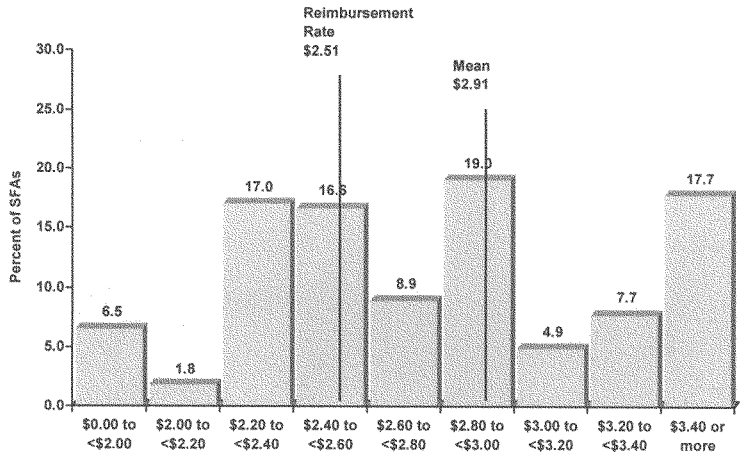


Exhibit ES.8

Distribution of Lunches by Full Cost per Reimbursable Lunch

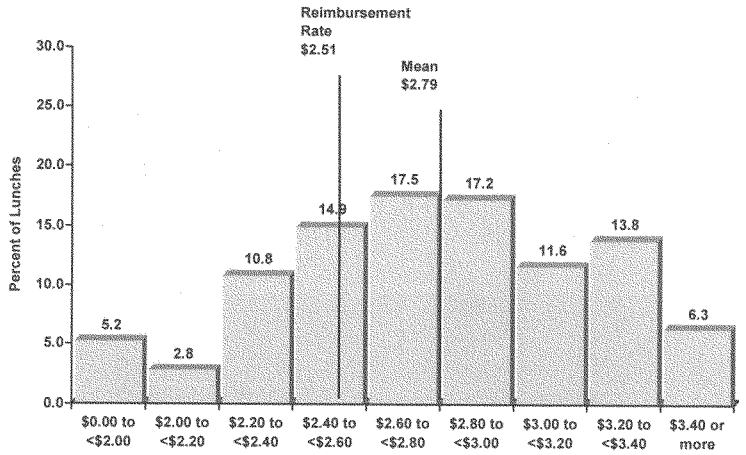


Exhibit ES.9

Distribution of SFAs by Full Cost per Reimbursable Breakfast

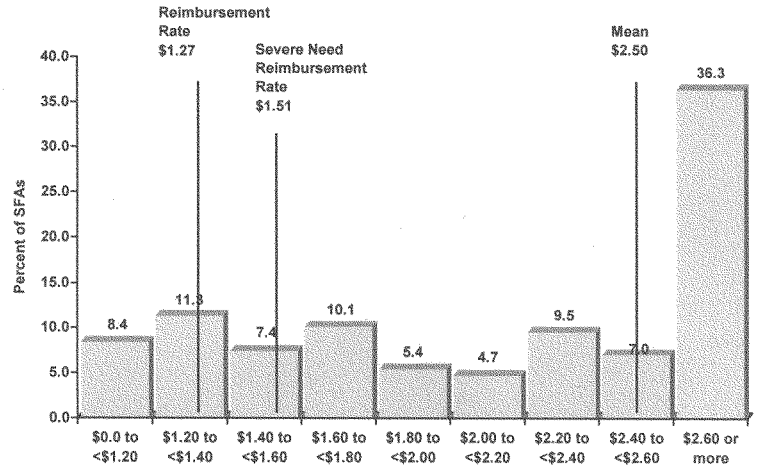
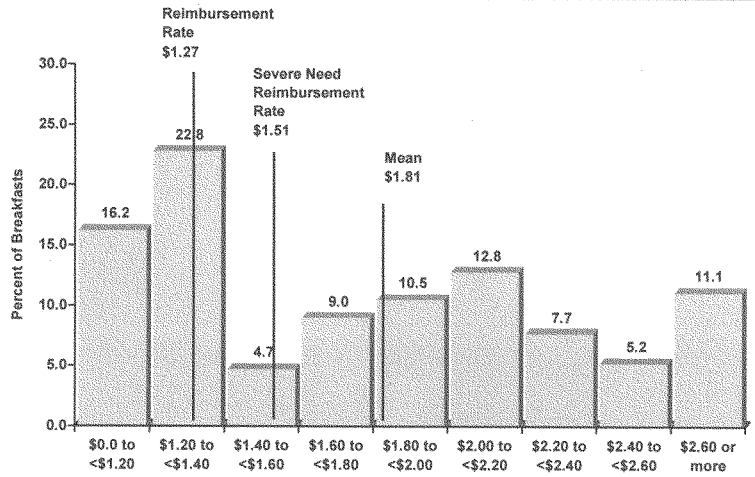


Exhibit ES.10

Distribution of Breakfasts by Full Cost per Reimbursable Breakfasts



Unreported Costs

Most school districts incur some costs in support of their foodservice operations that are not charged to the SFA budget. In some cases, school districts chose to bear these costs as a way to subsidize the SFA, while in other cases districts carried the costs because the SFA had insufficient funds to cover all expected costs. In SY 2005-06, these unreported costs accounted for an average of 19 percent of the full cost of foodservice. Three categories of unreported costs account for nearly all unreported costs (Exhibit ES.11). Unreported labor (which includes salaries and fringe benefits) represented 61 percent of total unreported costs, unreported indirect costs represented 26 percent, and unreported equipment depreciation represented 10 percent.

Indirect Costs

SFAs (and other school district grants and programs) often use a variety of resources that are provided or purchased by the school district, including:

- administrative or support functions performed by school district personnel, (such as accounting, data processing, payroll, personnel, purchasing, storage, and transportation);
- facilities, equipment, supplies, and services (such as energy, communications and transportation) provided or purchased by the school district; and
- employee benefits, payroll taxes and insurance.

There are several ways in which a school district may account for these costs. First, costs which the school district can and wants to identify as costs related to foodservice are treated as *direct foodservice costs*. Alternatively such costs may be treated as *indirect costs*. Indirect costs represent overhead-type expenses; they are expenses incurred by the school district that are not practical to identify with specific functions or activities (such as foodservice), but are necessary for the general operation of the organization and the conduct of activities it performs.

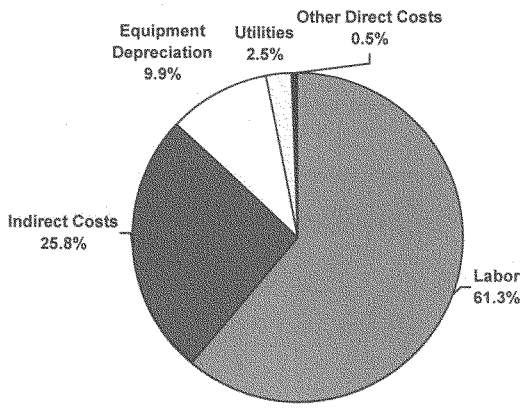
Many school districts use *indirect cost rates* to distribute such costs to benefiting activities.[7] An indirect cost rate is the ratio of an organization's (in this case the school district's) indirect costs to its direct costs, computed for the purpose of allocating indirect costs to grants and programs operated by the organization.[8]

While nearly all SFAs (95 percent) had an indirect cost rate that could be applied to foodservice, most SFAs (79 percent) did not report any indirect costs on the SFA's expense statement. Only 9 percent

[7] The Office of Management and Budget Circular A-87 sets guidelines for which indirect costs are allowable to be allocated to grants and programs receiving Federal funds; individual programs may have additional restrictions. State and local governments may use methods other than indirect cost rates, such as allocation of costs in proportion to staff hours, to allocate indirect costs. In this study, no school district used an indirect cost allocation method other than indirect cost rates.

[8] U.S. Department of Education regulates the allocation of indirect costs pool by school districts to its grants and oversees the role of State Education Agencies (SEAs) in setting the methods by which school districts compute and use indirect cost rates. SEAs generally specify the types of indirect and direct costs included in the computation of school district indirect cost rates.

Exhibit ES.11
Composition of Unreported Costs



of all SFAs reported all of the indirect costs attributable to foodservice, and 7 percent reported some, but not all, of the indirect costs attributable to food service.

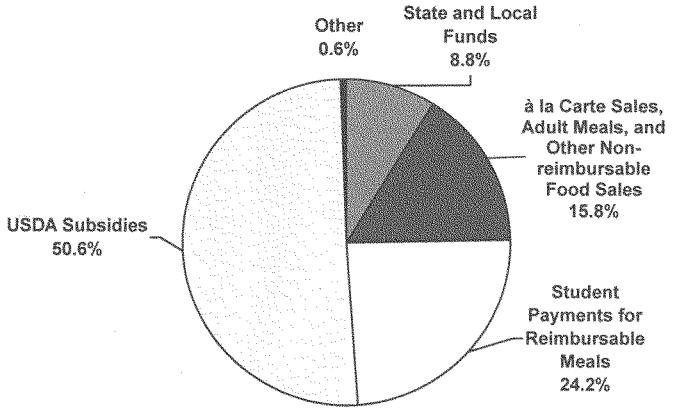
It is important to distinguish between reporting indirect costs and recovering indirect costs. When a school district charges an SFA for (all or part of) the indirect costs attributable to SFA operations these indirect costs are reported on the SFA's expense statement. However, payment or recovery of these reported indirect costs requires that funds be actually transferred from the SFA account to the school district's general fund. It is quite rare for such transfers to take place. Among the 16 percent of school districts that had at least some reported indirect costs, about one-quarter (4 percent of all districts) recovered all of the reported indirect costs from the foodservice account. The most common reason for not recovering all reported indirect costs from foodservice was that the district did not charge indirect costs for any grant or program. For the average SFA, unreported indirect costs accounted for 26 percent of all unreported costs.

Revenues

Revenues derived from reimbursable meals, including Federal, State, and local subsidies tied to reimbursable meals, other State and local funds, and student payments for reimbursable meals accounted for an average of 84 percent of SFA revenues in SY 2005-06 (Exhibit ES.12). USDA subsidies accounted for an average of 51 percent of total SFA revenues—45 percent from meal reimbursements and 5 percent from donated commodities. Student payments for reimbursable meals accounted for an average of 24 percent of total SFA revenues, and state and local revenues accounted for 9 percent of total SFA revenues. à la carte sales, adult meals, and other nonreimbursable food sales represented only 16 percent of the average SFA's total revenues.

Exhibit ES.12

Composition of SFA Revenues



Comparison of Costs and Revenues

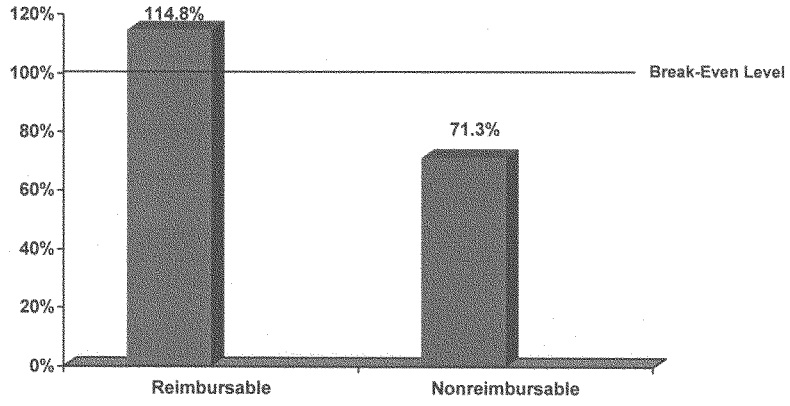
Reported Costs

SFAs are required to operate the school foodservice on a nonprofit basis. Program regulations define a nonprofit foodservice as one operated primarily for the benefit of enrolled children, all revenue from which is used solely to operate or improve the foodservice. An SFA must limit the net cash resources of its nonprofit foodservice to three months' average expenditures. Usually SFAs operate at the break-even level, i.e., costs equal revenues from all sources. Nonprofit status is determined by the financial status of the school foodservice ***as a whole*** rather than the financial status of each Federal program separately. SFAs must accrue all revenues from the school foodservice to a nonprofit foodservice account, including Federal lunch, breakfast, and snack payments; all funds from this account must be used to support the nonprofit school foodservice, which can include other parts of their foodservice operations such as à la carte and adult food sales. SFAs are not required to maintain separate cost and revenue records for the NSLP, SBP, or other programs within the nonprofit school foodservice account.

In SY 2005-06, across SFAs, revenues from reimbursable meals exceeded the reported cost of producing those meals by an average of 15 percent. By contrast, revenues from nonreimbursable meals fell short of the cost of producing those meals by an average of 29 percent (Exhibit ES.13). The average SFA used revenues from reimbursable meals to offset the cost of producing à la carte and other nonreimbursable food items. Combining reimbursable and nonreimbursable meals, reported costs were essentially equal to revenues (101 percent), indicating that SFAs typically operated at a break-even level.

Exhibit ES.13

Ratio of Revenue to Reported Cost for Reimbursable and Nonreimbursable Meals



While reimbursable lunches and breakfasts taken together generated a surplus, this is due entirely to the surplus revenues generated by reimbursable lunches. Revenues from reimbursable lunches exceeded the costs of producing those meals by an average of 16 percent, while revenues from reimbursable breakfasts fell short of the cost of producing those meals by an average of 4 percent (Exhibit ES.14). This is consistent with the relationship of Federal subsidy rates (meal reimbursements plus entitlement commodities) to reported meal costs. In SY 2005-06 the Federal subsidy for a free lunch covered or exceeded the reported cost of producing reimbursable lunches in 78 percent of SFAs. Based on the applicable reimbursement rates as determined for this study, the regular Federal subsidy for a free breakfast covered or exceeded the reported costs of producing reimbursable breakfasts in only 36 percent of SFAs. The regular Federal subsidy for a free breakfast covered or exceeded reported costs for breakfast in 30 percent of SFAs, and the severe need subsidy covered or exceeded reported costs in 43 percent of SFAs (Exhibit ES.15).

Full Costs

From an SFA's perspective, reported costs are the costs that they are expected to cover from the revenues that accrue to the nonprofit school foodservice account. However, as noted above, reported costs do not reflect all of the costs of foodservice operations. Given that, on average, SFA revenues just covered their reported costs, SFA revenues fell considerably short of covering their full costs. On average, SFA revenues covered only 82 percent of their full costs. Revenues from reimbursable meals also fell short of covering the full cost of producing these meals, with a revenue to cost ratio of 92 percent. Similarly, revenues from nonreimbursable meals fell short of the full cost of producing these meals, with a revenue to cost ratio of 61 percent.

Exhibit ES.14

Ratio of Revenue to Reported Cost for Reimbursable Lunches and Reimbursable Breakfasts

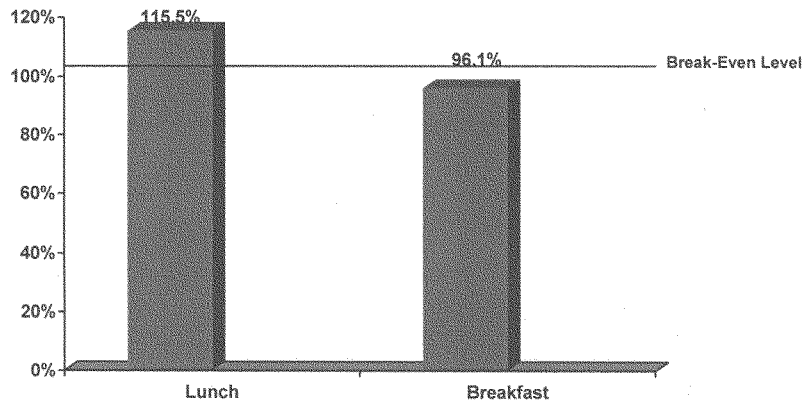
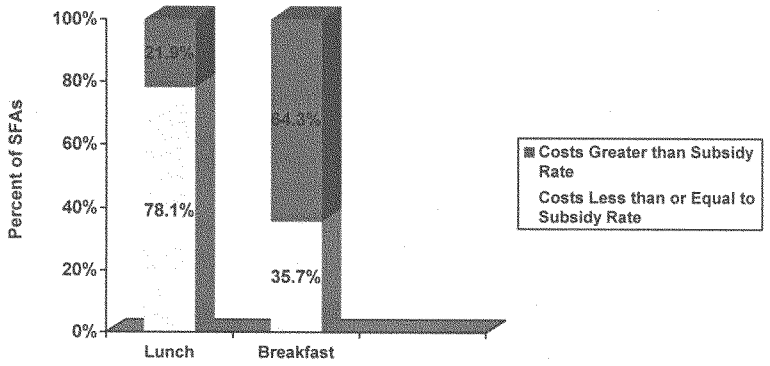


Exhibit ES.15

Percent of SFAs with Reported Costs Greater Than the Subsidy Rate and Percent Less Than or Equal to the Subsidy Rate for a Free Meal



Comparisons to SLBCS-I

One key finding is that, when the SFA is the unit of analysis, there was no statistically significant difference in the real (inflation-adjusted) reported cost of producing reimbursable meals over the 14 years that elapsed between SLBCS-I and SLBCS-II, even though the nutritional standards have changed. However, there was a statistically significant difference in inflation-adjusted unreported costs for the average SFA, when measured on the same basis as for SLBCS-I.[9] As a result, the full costs for producing reimbursable meals were below the real (inflation-adjusted) full costs in SY 1992-93. Unreported costs as a percentage of full costs decreased from 19 percent SY 1992-93 to 12 per cent in SY 2005-2006. In 2006 dollars, for the average SFA, the SY 2005-06 full cost of producing a reimbursable lunch was $2.72, compared to $2.97 for SY 1992-93 (though this observed difference is not statistically significant). For reimbursable breakfasts, for the average SFA, the full cost in 2006 dollars was $2.25 in SY 2005-06, compared to $2.32 in SY 1992-93 (not a statistically significant difference).

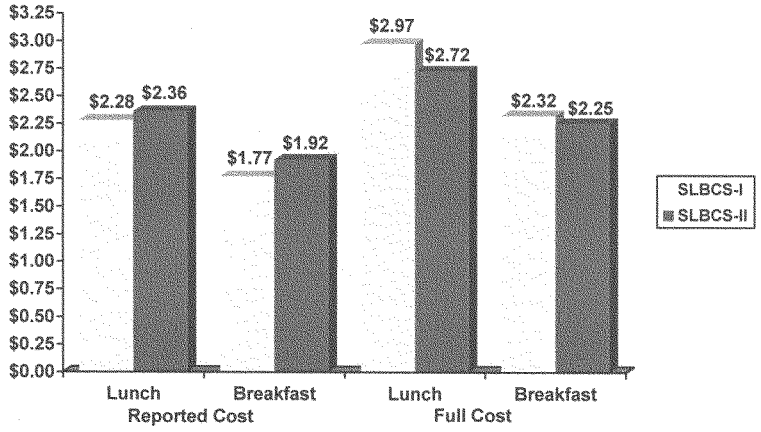
Using the meal as the unit of analysis, the inflation-adjusted full cost of producing lunches was significantly lower in SY 2005-06 than in SY 1992-93.

Exhibit ES.16 shows the comparison of inflation-adjusted mean reported and full costs between SLBCS-I and SLBCS-II.

[9] This comparison uses full costs as defined for SLBCS-I, not the more inclusive definition of full costs used in SLBCS-II. The difference in methodology reflects the treatment of school supervisory staff in the cafeteria during mealtime. These staff were not included in unreported costs in SLBCS-I, but were included in SLBCS-II. The figures presented in Chapter Four include school supervisory staff in unreported costs. These staff were removed from unreported costs for the comparison to SLBCS-I presented in Chapter Nine.

Exhibit ES.16

Comparison of the Mean Reported and Full Cost per Reimbursable Meal: SLBCS-I vs. SLBCS-II



Connie K. Boldt
Food Service Director, Knoxville Community Schools
Testimony to the Committee on Agriculture, Nutrition & Forestry
United States Senate

March 4, 2009

Chairman Harkin, Senator Chambliss, Members of the Committee and other guests, thank you for giving me the opportunity to tell you about the Knoxville Community School District's experience with the HealthierUS School Challenge. Knoxville's elementary schools, East, West, and Northstar each have received the HealthierUS School Challenge Gold Award. I am Connie Boldt, MS, the food service director for the Knoxville Community Schools in Knoxville, Iowa. Knoxville is located in south central Iowa with a population of approximately 10,000. The school district has 5 buildings and serves about 1,600 lunches daily.

The Knoxville Community School District, supported by the board of education and administration, promotes healthy lifestyles for students, staff and families. This includes good nutrition, regular physical activity and wellness education. The Knoxville district feels this is a part of the total learning environment and will contribute to academic achievement as well as positive lifestyles. Serving healthy meals that students will eat isn't the easiest thing to do. It requires money and time, but the benefits for classroom achievement and healthy lifestyles are more than enough reason to make the effort.

When mandated, the district developed a wellness policy by convening a committee with strong convictions to improve student's lifestyle. The policy developed by the wellness committee addressed many areas

- nutrition education
- physical education
- support for parents' efforts toward healthy lifestyles
- staff health and wellness
- National School Lunch and School Breakfast programs
- Competitive foods

Written into the wellness policy were specific requirements for all food in all grades Kindergarten through 12th, including a la carte, breakfast and lunch, sold by the Food Service Program. The wellness committees' requirements for school meals included, but were not limited to:

1. offer a variety of fruits and vegetables, with an emphasis on fresh and
2. serve whole grains whenever possible, with at least half being whole grain by 2008-2009.

Even though I was a member of the committee, as the Food Service Director, I was concerned that these requirements were challenging and too vague. I was also concerned about the overall cost to the program and how I was going do this.

The wellness policy went into effect for the 2006-2007 school year. Implementation of the wellness requirements was phased in. We started by adding one fresh fruit or vegetable to every lunch menu. The fresh items were in addition to the current hot vegetable and canned fruit

or occasional fresh produce. We started with the most common fruits and vegetables, like apples, oranges, carrots, and lettuce. Popularity of the fresh foods increased over time, which was evident because I had to purchase more produce every week. We have now increased the variety and include more seasonal produce, such as melons, kiwi, green peppers, cucumbers, and celery. The addition of fresh fruits and vegetables was welcomed by our kids. In some cases, we had to identify foods for students. The staff often encourages them to try something that is new and whenever possible we try to follow up to get their feedback. For example, one elementary boy asked what a kiwi was. The foodservice employee, Carmilla, explained that it was a green fruit with black spots and brown fuzzy skin that will tickle when you eat it. Carmilla suggested the student try one section to see if he would like it. He tried it.

During our Schools Meals Initiative review in December 2006, our Department of Education consultant, Jane Hiekenen introduced me to the HealthierUS School Challenge. This certification program recognizes elementary schools that take a leadership role in helping students learn to make healthy eating and active lifestyle choices. Given our district's commitment to health and nutrition, we decided to go for the gold certification. This would help ensure the health of our students. To achieve the gold standards a number of criteria must be met, including:

- School lunches that demonstrate healthy menu planning practices and principles of the *Dietary Guidelines for Americans*
- Nutrition education activities in at least two grades
- Physical activity opportunities at every grade level
- Student Average Daily Participation of 70% or greater
- Competitive foods could not be sold on the elementary campus during the school day

The HealthierUS School Challenge guidelines appeared to be the missing link to clarify our Wellness policy. So in early 2007, we started working toward the guidelines by testing whole-grain recipes that our bakery could make and investigating whole-grain products to purchase. First, we had to understand what 51% whole-grain meant. Jane came to our rescue. She supplied definitions and examples of recipe modifications that would increase whole grain. Secondly, we modified our current school made hot roll, bun, banana cake, sunshine bar, apple crisp, and brownie recipes to include more whole grain. These changes were well accepted. I have had no negative comments by the kids. During the past two years, we also found that we must handle the whole-grain product differently. These products do not have a long shelf life and quickly become stale. Thus, we have encountered more waste and increased costs if not monitored carefully. However, the cookies were a different story. They were just not acceptable. In fact, Mr. Crawford, the High School principal still jokes about the whole-grain cookies. Since we only need one whole-grain product daily, we opted to keep the original cookie recipes and find another sources for the menus. By the start of the 2007-2008 school year, we were able to offer at least one whole-grain product on every menu. In fact, our whole-grain hot roll is such a hit that we sell them by the dozen for weddings and family gatherings through our catering department.

Another learning experience was to read and interpret labels of products to purchase, such as pasta, breaded meat entrees, commercially baked sliced bread, flour, and rice. Since I purchase these items, it was my responsibility to investigate and find acceptable whole-grain

products. I am now the district's self-proclaimed chief label reader and spend many hours with the fine print. It is very detailed work and takes considerable time.

Starting in the Fall of 2007 we looked at increasing legume menu items. In other words, we serve more beans! We now offer baked beans, refried beans, kidney beans in chili, and commodity pinto beans in taco meat at least once a week. We had low expectations for student consumption, yet we were pleasantly surprised. We started with about 5% of the customers eating legumes. We now have about 15 to 20% choosing legumes. In addition, we have made other minor tweaks to our 6 week cycle menu to meet all HealthierUS School Challenge criteria.

While Food Service was working on foods served, the principals and elementary teachers worked on the physical and nutrition education requirements. I was pleased to learn that Knoxville Community Schools met the requirements without modifications. This was not just a food service project and everything had to fit together.

The final criterion to be met was 70% average daily participation. In October 2007, the Knoxville elementary average daily participation was over 81% for all elementary schools.

We did it! In July 2008 we learned we had achieved the Gold Award. Now the District is proud to publicize our accomplishment of implementing our Wellness policy that promotes quality meals, a healthy school environment, and positive lifestyles.

Even though we have a Gold Award, we continually look for new ways to incorporate foods that support the HealthierUS School Challenge into our menus, curriculum, and daily life activities of our students. However, increased food costs and the new 2009 criteria will make reapplying for the HealthierUS School Challenge more difficult in the future.

In fact, the implementation of the HealthierUS School Challenge criteria came with an increased cost to our school meals programs.

- Flour cost increased 12% for whole wheat and 53% for whole grain more than all purpose flour
- Whole-grain pasta costs 76% more than enriched pasta
- Brown rice costs 20% more than white rice
- Whole-grain, low-fat corndog costs 22% more than the traditional corndog
- Whole-grain, commercially-prepared bread costs 20% more than enriched white bread

In addition, not only has the cost of fruits and vegetables increased with more fresh items, the labor to prepare has also increased. I now figure about an additional 10 to 20 cents per serving for fruits and vegetables.

I do have one concern about the relevance of the average daily participation requirement for the HealthierUS School Challenge. If our goal is to serve healthy food to students, should it matter what portion of the student population is eating on a daily basis? It is much easier for schools with a higher percentage of students eligible for free or reduced price meals to meet the 70% participation rate than for school with less than 20% eligibility.

Finally, the banner in the hallway is great. The plaque in the school office is impressive. But Knoxville schools didn't pursue this for the plaque or banner we did it for the sake of the kids. I am proud of what the Knoxville elementary schools have accomplished.

But as I said before, serving healthy food is not without a cost. My budget is suffering!

Please help us implement this great opportunity to serve children nutritious foods in more schools throughout the nation by supplementing reimbursement. It costs more money to prepare and serve the meals than what Knoxville Schools receives in reimbursement. I support SNA's request for an additional 35 cents per meal for all lunches served and 20 cents for all breakfasts served. In addition, I think HealthierUS Challenge Schools should receive additional money to support their commitment to fresh fruits, vegetables, and whole-grain foods.

Thank you for giving me the opportunity to share the Knoxville Community School District's experience with the HealthierUS School Challenge. It made a difference!

Kenneth Hecht
California Food Policy Advocates

Testimony to the Committee on Agriculture, Nutrition & Forestry
of the United States Senate
March 4, 2009, Washington, DC

Mr. Chairman and Members, thank you for this opportunity to appear before the committee. My name is Ken Hecht and I am the executive director of California Food Policy Advocates. CFPA is a statewide food policy and advocacy organization devoted to improving the health and well-being of low-income Californians by increasing their access to nutritious, affordable food. We focus our work on strengthening the federal food programs - given their size and scope, they have proved to be strong resources in preventing hunger and food insecurity among our low-income families and communities. Now, however, we recognize that these nutrition programs have an additional role to play: preventing overweight and obesity, particularly among low-income people. Indeed, the skill with which we develop the obesity-prevention capacity of the federal nutrition programs may well determine the feasibility of the health care reforms to which the Obama Administration and so many others are committed.

I would like to talk today about the Child and Adult Care Food Program and how this overlooked nutrition program can be improved to keep so many of our young children healthy and well nourished as they prepare to enter school. The child care food program originally was designed to prevent hunger and food insecurity among our preschool population. Those needs persist, particularly as our country weathers the current economic downturn, but now we know that our youngsters also are in jeopardy of an additional and significant nutrition threat: overweight and obesity.

As everyone knows, the United States is in the midst of what the Surgeon General has described as an obesity epidemic[1]. What fewer people realize is how early in life this condition appears. Among 2-5 year olds, nearly 25 percent, 1 in 4, is either obese or overweight[2] -- before entering kindergarten. This prevalence has more than doubled in just 30 years time. The consequences are severe – type 2 diabetes, hypertension, heart problems, as well as adverse impacts to academic and social performance. These consequences may last a lifetime: obese youngsters are statistically more likely to go on to be obese as adolescents and then as adults. Obesity is very difficult to reverse, so prevention is the best, if not the only viable, strategy.

Let me turn now to the Child and Adult Care Food Program. Begun in 1968, the Program today serves more than 3 million children, in child care centers and homes, with benefits totaling $1.7 billion. The Program provides much needed federal reimbursement that supports food service in child care agencies, but the Program does much more. Participating providers must follow meal patterns to ensure that children receive the variety of nutrients they need. The Program calls for 3 monitoring visits to participating child care homes each year, a rare opportunity for providers caring for their youngsters all day to learn how to include good nutrition in their program. Many studies over the years have lauded the Program as a key component of quality child care.

Child care has grown rapidly over the past decade, in response to well-documented workforce trends. In California, for example, close to half of the

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[1] Testimony□Before the Subcommittee on Education Reform, □Committee on Education and the Workforce, □United States House of Representatives, "The Obesity Crisis in America, Statement of □Richard H. Carmona, M.D., M.P.H., F.A.C.S.□Surgeon General, http://www.surgeongeneral.gov/news/testimony/obesity07162003.htm

[2] http://www.cdc.gov/nccdphp/dnpa/obesity/childhood/prevalence.htm

state's children between three and five years old (approximately 550,000 children) are enrolled in licensed child care. One-third of them are in full-time child care, and more than half attend child care at least 15 hours per week. Plainly, many children are consuming much of their daily nutrition in child care. Thus, child care is an exceedingly important and, for the most part, unexamined element in our children's nutrition environment.

In order to learn what foods and beverages are being served in child care, CFPA, together with an exceptional team of researchers and child care sponsors and providers, recently conducted a comprehensive study of nutritional quality in licensed child care settings in California. This is the first systematic assessment of child care nutritional quality in many years. This multi-component study involved: lunch service observations at child care sites (n=54) in Los Angeles County; a statewide survey of child care providers (n=429); and stakeholder interviews (n=31) of federal, state, and local child care program administrators.

The findings revealed that sites participating in CACFP served more healthful foods and more frequently followed recommended food practices than non-CACFP sites, so it is critical to expand the reach of CACFP by improving access and participation among low-income providers. Lunches brought from home, almost exclusively reported in non-CACFP centers, were of even lower quality than lunches provided by child care sites. Stakeholders agreed that all licensed child care facilities should be required to follow the CACFP meal pattern and that strategies should be developed for improving lunches brought from home.

The study also showed that meals and snacks served in CACFP-participating child care sites often fell short of the goals articulated in the 2005 Dietary Guidelines for Americans. For example, while non-CACFP sites served far fewer portions of whole grains (about 13 percent), CACFP-participating sites did not

do well with whole grains, either: only about 27 percent served whole grains at all. Similarly, nearly half the CACFP-participating family child care homes served whole milk to children over 2 years of age. These findings should not be surprising, remembering that the Program's meal patterns were developed years ago to prevent food insecurity and hunger, have remained largely untouched since, and were not designed to respond to the more recently emerging issue of obesity and overweight.

CFPA has taken part in two California state-convened stakeholder committees whose work sheds considerable light on how nutrition in child care, generally, and in CACFP, in particular, can be improved to respond to the obesity epidemic. One of the state panels focused exclusively on CACFP and developed an approach to nutritional quality that strengthens it without disturbing the Program's adherence to the meal pattern as the core of its nutritional requirements.

As the Committee knows, USDA has engaged the Institute of Medicine to advise it on alignment of CACFP to the 2005 Dietary Guidelines for Americans after the panel finishes its work on NSLP and SBP. This is a very positive development, but it is important to note that any new, obesity-responsive, IOM-recommended changes might not be implemented until 2014. This delay puts a great many children at continued risk for developing unhealthy habits.

The changes we recommend, based in large part on the work of the California state stakeholder panel, have been shaped in a way that avoids interference with IOM's assignment, and most of them can be made at no cost or very low cost.

Recommendations for Improving Nutritional Quality In CACFP

1. **Congress should provide a higher reimbursement for CACFP meals and snacks and should direct USDA to quickly prescribe stronger nutrition standards, which bring meals and snacks into greater compliance with the Dietary Guidelines for Americans.**

   Congress should act now to begin to improve the nutritional quality of meals and snacks served through CACFP within current meal patterns. The principles that inform the modest changes proposed here are consistent both with longstanding nutritional improvements incorporated in the National School Lunch Program and with very recent nutritional improvements currently being made to the WIC program, which serves young children in exactly the same age group.

   - Serve only lowfat milk to children two and older.
   - Require at least half of all grains be whole.
   - Serve more fresh fruits and vegetables[3].
   - Serve more lean meats and beans/legumes for protein.
   - Limit fried foods.
   - Limit sweet grains, such as muffins, pastries, and donuts.
   - Limit fruits canned in syrup, especially heavy syrup.

2. **Federal regulations, memoranda, training, and materials relating to nutrition for CACFP should align with WIC's new nutrition messages and guidelines.** Recent changes to the WIC food package will be implemented nationwide by October 2009. Many of the changes will result in greater availability (and, hopefully, affordability) of the nutritious foods that are often lacking in CACFP meals. WIC and CACFP serve largely similar

[3] A recent, informal grocery survey in the San Francisco Bay Area found this to be the only item – increasing servings of fresh fruits and vegetables – requiring additional cost.

populations and thus nutrition messages related to both programs ought to be consistent.

3. **Child care sites receiving reimbursement through CACFP should provide a healthier food environment and more physical activity.** The nutrition requirements of CACFP apply only to foods or beverages reimbursed through the program. Thus, there is no guidance with regard to a host of other items – including food, beverages, behaviors and activities – that can undermine the benefits of CACFP's nutritional goals. The nutrition and physical activity environments in child care ought to promote healthy choices beyond the reimbursable items. Modeling on the "Foods of Minimal Nutritional Value (FMNV)" concept in school meals, CACFP can support healthier environments in child care settings by requiring the following improvements related to food and physical activity:

   - **Eliminating Foods with Minimal Nutritional Value, such as sodas, chips, and candy.**
   - **Ensuring easy access to tap water and promoting water consumption.**
   - **Promoting healthy food-related behaviors, such as serving family style meals, adults eating the same foods along with the children, including age-appropriate nutrition education, and others.**
   - **Discouraging counterproductive food-related behaviors, such as using food as a reward or punishment, encouraging clean plates.**
   - **Placing limits on screen time, including computer and video games.**
   - **Developing strategies to improve the nutritional quality of food from home.**

Recommendations for Expanding CACFP Participation

Child care sites participating in CACFP have higher meal quality than those that do not. Yet, many eligible children fail to be enrolled in CACFP and thereby miss out on these benefits. Participation in the program is declining despite its clear fiscal and nutritional benefits. Examples of opportunities to capture more of these nutritionally needy children, by streamlining, simplifying and modernizing enrollment, include:

- **Permitting centers, in addition to family child care homes, to calculate their reimbursement rate on the basis of area eligibility;**
- **Extending CACFP categorical eligibility to children in family child care participating in other means-tested, federally funded programs; and**
- **Requiring the state nutrition agency (or its designee) to serve as sponsor of last resort in portions of the state without a sponsoring organization so that children are not deprived of CACFP in their family child care home solely on the basis of their residence.**

Recommendations for Simplifying and Streamlining CACFP Administration

There is consensus among CACFP observers that the program suffers from excessive paperwork, which serves as a deterrent to potential sponsors and providers, severely limiting both the growth of the program and the realization of the program's potential as a public health resource. Examples of positive changes include:

- **Allow schools serving both preschoolers and K-12 students to operate both meal services under a single set of USDA rules and regulations.**

- **Allow community-based agencies that operate SFSP to administer CACFP snacks during the school year under the same rules as their child care program.**
- **Eliminate the block claiming and five day reconciliation requirements.**
- **Allow carryover funds so that CACFP sponsoring organizations can plan multi-year administrative budgets.**
- **Allow family child care sponsors to calculate administrative reimbursement using a "homes times rates" system similar to the Simplified Summer Food Service Program's accounting formula.**
- **Quickly implement remaining recommendations from the USDA Paperwork Reduction Initiative.**
- **Appropriate more funding for State Administrative Expense for increased monitoring and evaluation of independent CACFP centers so that they, like locally sponsored centers and homes, can be monitored three times per year.**

Testimony of
Lucy P. Nolan
Executive Director of End Hunger Connecticut!
Committee on Agriculture, Nutrition, and Forestry of the United States Senate

March 4, 2009

Thank you Mr. Chairman for inviting me to present testimony today on behalf of meals served to children out of the school day. These meals are one of the best ways to improve nutrition for America's children in difficult economic times. It is my hope that my remarks will be of assistance to your committee for the reauthorization of the child nutrition programs.

My name is Lucy Nolan and I am the executive director of End Hunger Connecticut!, a Connecticut anti-hunger and food security organization that does outreach, education and advocacy with emphasis on the federal food programs. End Hunger Connecticut! has extensive outreach and program experience on the summer nutrition program, afterschool snacks and the Child and Adult Care Assistance Food Program (CACFP), as well as WIC, School Breakfast, school meals and SNAP. It is with that in mind that I would like to address the committee.

Today, I am here to testify about the importance of the afterschool and summer nutrition programs and to make recommendations to improve these programs so they are better able to serve the children and teens that desperately need them. The afterschool and summer nutrition programs are designed to provide nutritious meals and snacks to children when they are not at school—at programs operating before or after school, on weekends, and during school holidays. In Connecticut, schools, local government agencies, and private nonprofits all play an important role in sponsoring and connecting children to these important programs.

These programs have a vital role to play in countering childhood obesity in addition to combating childhood hunger. The programs provide nutritious meals and snacks that meet federal nutrition standards. Research finds that children gain more weight during the summer months, which is when they lose access to school breakfast and lunch, and also shows that adolescent girls that eat at least one meal at school during the school year are less likely to be overweight. The meals from these programs are often better nutritionally than those that children may or may not get at home and sponsors all across the country are working to increase the quality of the meals.

After school and summer programs provide educational and enrichment activities for low income children and the nutrition programs are what allows them to work in a variety of ways. The food helps draw children into quality programs that keep them engaged, safe and out of trouble while their parents are working. The after school hours and the time during the summer when children and teens are left unsupervised is the time they are most likely to get into trouble. Studies document that juvenile crime peaks between the hours of three and six—the time between school ending and parents arriving home from work. This is also the time when children are most likely to become victims of crimes, when they are most likely to experiment with drugs and alcohol, and when teenage girls are at the highest risk of becoming pregnant.

The nutrition programs also help strengthen the afterschool and summer programs by providing a stable on-going funding source that supports program sustainability. The nutrition funds free up dollars that were previously spent on food and now can be spent on expanding services, adding programming, or purchasing computers and other equipment. At one site in eastern Connecticut, the site supervisor used the ongoing summer meals as a way to impart very critical dental and health information to the children and their parents by asking Public Health and Dental Students from the University of Connecticut to come and work with the children, including giving away toothbrushes and toothpaste.

The afterschool and summer nutrition programs are also important during these difficult economic times, because they infuse federal funds directly into low-income communities. This support helps public and private agencies, which are coping with strained resources and increased participation at the state and local level. The funding also immediately stimulates local economies since programs purchase food from local stores and vendors and need to hire additional staff to operate programs.

There are a number of ways to improve the afterschool and summer nutrition programs in reauthorization, and I encourage you to make changes that increase low-income children's access, expand and improve current benefits, make it easier for afterschool and summer programs to participate, and support the current structure---that the programs are entitlements, ready to serve every eligible person, and that they provide meals and snacks that meet nutrition standards.

Area Eligibility

One of the many great things about the afterschool and summer nutrition programs is that they allow the afterschool or summer program to qualify, rather than going through the difficult process of individually qualifying each child. Any afterschool or summer program located in an area where 50 percent or more of the children are low-income can participate. This saves a tremendous amount of time and administrative work, and significantly increases participation. In fact, few afterschool and summer programs participate in the nutrition programs when they are required to document each child's household income.

Yet, the 50 percent requirement is too high and keeps too many programs that serve low-income children from participating. In Connecticut, like most states, there are many communities with significant numbers of low-income children that do not meet the 50 percent requirement. This 50 percent area eligibility test is the most restrictive test the programs have ever had. Requiring programs to be located in areas in which more than half the children are eligible for free or reduced-price meals means that many low-income children in Connecticut and other states have lost access to nutritious meals and snacks and this is especially true now, as many communities are redistricting students to create schools in which there is a mix of low to moderate to high income families. Our rural and suburban areas have an especially difficult time meeting the 50 percent requirement since poverty is less concentrated.

The 50 percent requirement is not consistent with previous policy—prior to 1981, the threshold for an area participating in Summer Food was 33 percent—or current non-food based federal support for afterschool and summer programs. The federal 21st Century Community Learning Center program, which provides federal funding to many afterschool and summer programs, and Title I schools both require 40 percent of the population to be low-income. Lowering the threshold back to 33 percent or reducing it to at least 40 percent will allow more low-income children to receive the nutritious meals and snacks their bodies need, and ease the administrative burdens of programs seeking funding streams with incompatible area eligibility tests.

Summer Nutrition

The Summer Nutrition Programs are critical for low-income families in Connecticut. Summer is an extremely difficult time for low-income families in Connecticut and across the country. When the school year ends, low-income families who rely on school breakfast and lunch to feed their

children during the school year lose access to those meals. Not surprisingly, hunger goes up during the summer months, and the demand for emergency food increases. Research also has shown that obesity increases at a higher rate during the summer than it does during the school year, proving not only is there a need for nutritious meals but for outdoor activities as well.

In Connecticut, we're seeing a growing connection between Summer Nutrition Program and community gardens and subsequent healthy eating. For instance, in Middletown, Connecticut a group of Wesleyan University students that run a small Community Supported Agriculture (CSA) organization named Long Lane worked with three summer nutrition sites to start and maintain a community garden. This was funded through a small grant from End Hunger Connecticut!. The students organized taste-testing of fruits and vegetables provided through the CSA or other local farms. Through discussions and hands-on activities, such as working with compost, caring for plants, and creating scarecrows, children gained first-hand knowledge of where food comes from, which created a new outlook on different foods and their nutritious value. The trial programming was so successful the local community health center started an enrolled summer camp appropriately named, "In the Garden". As a result, the structure of the summer nutrition combined with the educational programming has promoted healthier eating while addressing hunger and constructive summer-time activities in Middletown. Additionally, a one time small grant became a sustained program in the community.

Summer Nutrition Programs participation continues to be too low. It is the most underutilized child nutrition programs. During the summer, Connecticut serves about one in five of the low-income children who eat school lunch during the school year. Surprisingly, our low participation still places Connecticut eighth nationally for feeding children during the summer according to numbers produced by the Food Research and Action Center. Nationally, less than one in five, only 17.7 for every 100 low-income children served during the school year eats a nutritious lunch during the summer.

It is not an accident that participation in the Summer Nutrition Programs is so low. Over the years, the Summer Food Service Program has suffered a series of critical blows that have made it more difficult to serve needy children over summer vacations. The recent enactment of the "Simplified Summer Food Program" will help, and Connecticut was very grateful to be added to this important program. Two of our cities with high child poverty, Hartford and New London, changed to the "Simplified Summer Food Program" this past summer and saw huge increases in

the number of children participating – yet there were still many children who are eligible that did not.

Still, a bigger boost is needed to get the program back on track. A significant investment that increases reimbursement rates at least to restore 1996 funding levels (when rates were cut by 10 percent), adjusted for inflation, will mean that many more community-based and school-based programs will be willing to provide summer food. The 2001 Summer Food study found that 72 percent of sponsors did not expect the reimbursement rates to cover their costs. In fact, many sponsors in Connecticut have subsidized the low federal reimbursement since it was cut in 1996. Now, during these extremely difficult times when children and families need the Summer Nutrition Programs even more, the sponsors are finding it difficult if not impossible to continue supplementing the summer nutrition funding that they receive.

In addition, the lunches served through the Summer Food should receive the commodity support that lunches served through the National School Lunch Program and the Child and Adult Care Food Program (CACFP) receive. And the Summer Food breakfasts along with the breakfasts served at school and through CACFP should receive commodity support. Of course, small Summer Food sponsors and rural sponsors should be given the option of receiving cash-in-lieu of commodities. Otherwise, the transportation costs can be higher than the value of the commodities.

The program also can be strengthened by providing additional funding for: transportation to get children to and from sites; outreach to let potential sponsors and sites know that they can participate and to inform families where the program is available; and start-up and expansion costs to support sponsors' efforts to feed more children during the summer months. End Hunger Connecticut! found that a small bit of concentrated outreach can increase participation significantly.

End Hunger Connecticut! has a small grants program named "Operation Participation" to encourage more children receiving free summer meals through Summer Nutrition Programs. Grants of $750 are given to sponsors to creatively increase participation at their sites. Efforts include organizing promotional and recreational activities, such as raffles, themed-activity days, nutrition games, and gardening workshops. Last summer, the five awarded sponsors served more than 18,000 additional meals and 400 more children each day! The supplementary funds go a long way in feeding more children and providing opportunities for a fun, safe, and constructive

summer. Other states have similar grants programs that have had just as much success. The federal reimbursement is currently not enough to fund such outreach efforts that help make the programs financially stable and sustainable. We found that as more children came and experienced the activities with the meals they told other children and they came as well. It is a very effective way of getting the word out.

The low participation in the Summer Nutrition Programs has prompted some policymakers to suggest increasing the food stamp allotment for families with children during the summer months. Initially this sounds like a good idea, but there are a number of problems with the approach. First, the food stamp allotment needs to be increased for everyone across the board. The current allotment does not allow families to purchase a healthful diet. Second, this change would be extremely difficult for states and USDA to administer – as it stands in Connecticut the waiting time to receive SNAP benefits can be well over the 8 weeks the summer nutrition programs may be open. Third, in order for the increase in benefits to have any real impact, it would be extremely costly and would make it difficult to make any other improvements to the child nutrition programs. And fourth, and I believe most importantly, the strength of the Summer Nutrition Programs goes over and beyond providing food and being an anti-hunger program. It helps to give low-income children the summer that we all have fond memories of---being outside, in a supervised and safe setting, learning outside the classroom, swimming, running, and playing with our friends. In fact, it would be helpful and would increase participation if the sponsors would be allowed to serve an additional meal or snack, a third meal to children.

Afterschool

The Afterschool Snack Program is an important resource, but the snack funding often does not provide children, especially teens, with enough food to get through the afternoon. In Connecticut, after school snacks are provided to various age groups- from pre-k to high school and very much promote an overall healthy school environment by intervening at a time when faculty might bring in high sugar fruit juices, soda, chips or candy. Many afterschool programs are operating longer hours to better serve working families, which makes providing adequate nutrition on a snack budget even harder, and good nutrition even more important. Programs need to be able to provide an evening meal if the program stretches into the late afternoon/evening hours.

Currently, only ten states—Delaware, Illinois, Maryland, Michigan, Missouri, New York, Oregon, Pennsylvania, Vermont, and West Virginia—are included in the Supper Program. This

leaves afterschool programs in the remaining 40 states, as well as the District of Columbia, without the resources to provide the nutritious food that children and teens need in order to continue learning throughout the afternoon. The Afterschool Supper Program is administered by the United States Department of Agriculture (USDA) and like all child nutrition programs the meals served must comply with USDA nutrition guidelines.

The Afterschool Supper Program also helps to ensure that children have access to nutritious meals and snacks on the weekends and during school holidays, since programs will be able to serve each child a meal and a snack. We have heard too many times that children do not have access to the nutrition they need on weekends and during school holidays, and the existing child nutrition programs need to be strengthened to better fill this gap. Several years ago I was told by a food service worker in the Hartford schools that the Monday after Thanksgiving vacation the line for school breakfast was especially long and many more children showed up than expected. The reason? So many of them did not have food over the 4 days they were out of school.

Connecticut and most other states are not included in this crucial program. In non-supper states, a different set of rules applies: only children under age 13 can receive suppers; and in order to provide suppers, the afterschool program has to do a tremendous amount of administrative work. I ask you to expand the Afterschool Supper Program to all states and also improve it so that school-based programs can provide suppers through the National School Lunch Program, which will significantly reduce unnecessary administrative work for schools. Please let them expend energy on feeding the children and not on filling out reams of paperwork.

Year-Round Programs

The Committee should also streamline the child nutrition programs to enable schools, local government agencies, and non-profits to feed children 365 days a year through one seamless child nutrition program. Children in Connecticut need quality programs after school, on week-ends and school holidays, and during the summer. Schools, local government agencies, and nonprofits are providing these services, but they currently must operate multiple child nutrition programs in order to feed children year-round. For example, a school may operate the school breakfast and lunch programs, the Child and Adult Care Food Program (to provide meals at afterschool and weekend programs), and the Summer Food Service Program. Other eligible out-of-school time sponsors (local government agencies and private nonprofits) must operate both the Summer Food

Service Program and the Child and Adult Care Food Program in order to feed children year-round.

The redundant paperwork required to participate in multiple nutrition programs does not improve program integrity, but raises administrative costs and discourages eligible sponsors from participating, resulting in only a fraction of eligible children receiving meals and snacks year-round. Streamlining could be done by making child nutrition programs look seamless from the viewpoint of schools and other eligible sponsors. As we weather this current economic storm more and more children will be taking advantage of these programs. Everything must be done to make them as accessible and yet as efficient as possible. Creating one meal program will increase participation, increase efficiencies and allow for both sponsors and children to know where their next meal is coming from.

I urge you to consider my recommendations and use the Reauthorization as an opportunity to improve the federal nutrition programs, so they better meet the needs of children and teens, after school, on weekends and school holidays, and during the summer. These programs feed not only the belly but the character of the participating children. Children that are fed nutritious meals on a regular basis will do better in school, will do better in play and will grow up to be the children that we want to run our world.

Thank you.

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The Johns Hopkins University
Baltimore, Maryland

United States Senate Committee on Agriculture, Nutrition and Forestry
Hearing on: "Nutrition for America's Children in Difficult Economic Times"
Senator Tom Harkin, Chairman
March 4, 2009

Thank you, Mr. Chairman, for the opportunity to address the Committee this morning. I am Dr. David M. Paige, Professor of Population, Family and Reproductive Health with a joint appointment in Human Nutrition at The Johns Hopkins Bloomberg School of Public Health and in Pediatrics at the Johns Hopkins School of Medicine. I am a member of the Maryland State WIC Advisory Panel and Director of the Johns Hopkins WIC Program. I am also testifying today on behalf of the National WIC Association, and a copy of the Association's recommendations has been attached to my submitted testimony.

My comments will focus on the critical role the U.S. Department of Agriculture's Special Supplemental Nutrition Program (WIC) plays in safeguarding the health and well being of the Nation's most economically disadvantaged women, infants and children.

The USDA WIC Program represents the Nation's most successful nutrition program addressing the needs of the most economically disadvantaged and vulnerable populations of pregnant women, infants, postpartum mothers and preschool children. The past thirty-six years have demonstrated that WIC is a potent force in improving the health and nutritional well being of the women, infants and children it serves.

THE WIC PROGRAM: A PROFILE

Poverty

Over 13 million (18%) of American children below 18 years of age live in families with incomes below the federal poverty level, which is $22,050 a year for a family of four in 2009. The percentage of children in poverty increases to 21% in children below 5 years of age. The percentage is even higher in African-Americans, Hispanics and children living in female headed families. Moreover, the number of children living in poverty increased by 15 percent between 2000 and 2007. There are 1.7 million more children living in poverty today than in 2000. Over 12 million children are food insecure as measured by the U.S. Census Bureau.

WIC is a critical program in securing the nutritional well being of the most economically disadvantaged U.S. households. Three quarters of all WIC participants are at or below the poverty line. A USDA Study of WIC Participants and Program Characteristics indicates 39% of WIC participants were at or below 50% of poverty, compared to 4.4% of the U.S. population. Thirty-four percent were between 50% to 100%, with only 7.2% of WIC clients above 150% of poverty.

Risk

Prenatal: Poverty results in poor health, nutritional compromise, and increased disease burden. The WIC population is in poorest health. Among pregnant women, 60% have a clinical, health or medical condition at certification. Thirty-eight percent of the above categorized women have an obstetrical problem. Twenty-seven percent of women exhibit hematological risk with a hemoglobin or hematocrit falling below acceptable levels. Six percent have low weight for height and 24% have inappropriate weight gain. The above factors are responsible for many preterm and low birth weight pregnancy outcomes.

Rates of low birth weight among black and white infants are also inversely associated with median family income. Data from the National Longitudinal Survey of Youth confirm that there is higher risk of low birth weight among infants born to poor women. An intergenerational effect is evidenced by the fact that poor women who were low birth weight infants themselves give birth to low birth weight infants.

The WIC program reverses many of these negative outcomes. Devaney and her colleagues, in a carefully designed and skillfully executed study reported perinatal WIC participation led to increased birth weight that ranged from 51g in one state to 117g in another. Among premature birth, less than 37 weeks, the increase ranged from 138g to 259g.

Buescher, et al., also reported a significant increase in birth weights and a reduction in very low birth weight (VLBW) among WIC participants in North Carolina.

A comprehensive review of reported studies by the GAO reinforces the finding that WIC was effective in lowering the incidence of low birth weight (LBW) and VLBW. Moreover, the savings realized were sufficient to more than offset the costs of the WIC program.

Bitler and Currie report, "The average reduction of almost one night's hospital stay per infant, and a quarter of a night's stay in hospital per woman, would be enough to repay the cost of the WIC benefits by itself. But the WIC infants are also 14 percent less likely to end up in an intensive care unit, at a cost of thousands of dollars per day." The data underscore an earlier GAO report conclusion that WIC is an excellent preventive program that is justified financially and otherwise. Devaney's argument that WIC saves the government money by economizing on the costs of treating mothers and infants under Medicaid is reinforced by multiple independent studies as well as by the GAO.

Infant Mortality: Improved birth weight and reduction in preterm births results in a reduction in infant mortality. The U.S. infant mortality rate (IMR) is currently among the highest among industrialized nations, with the highest rates in our economically disadvantaged African American population. The social and dollar costs are enormous. The disease burden among the survivors is life long. The WIC effect on infant mortality is estimated to be a reduction of 1.49 neonatal deaths per 1,000 live births. This estimate is derived from the National Historical Evaluation Study of Pregnancy Outcomes.

Our own estimates, published in the Milbank Quarterly in 1995, proposing, "A strategic Framework for Infant Mortality Reduction: Implications for 'Healthy Start,'" is that full WIC participation will result in a 2% decline in the IMR, a significant number of lives saved and health dollars conserved.

Preschool Children: Toddlers and preschool children in poverty exhibit more subtle effects of poor nutrition, often difficult to measure. They include decreased activity, interaction and stimulation resulting in poor cognitive development as well as compromised growth. Edozien, et al., in an early study, concluded that participation in WIC was associated with an acceleration of the growth in weight and length/height. The data set consisted of 9,143 infants and children who had initial and 6-month follow-up visits and 5,209 infants/children who had initial 11-month follow-up visits. Control children were newly-enrolled WIC participants.

In an analysis of hemoglobin and hematocrit data for children participating in WIC, the Centers for Disease Control estimated 13% of 6- 23-month-old children and 29% of 24 47-month-old children were anemic on their initial visit. At the first follow-up visit, the proportion had dropped to 5% and 14% respectively, for the two age groups. A further decrease was observed at the second follow-up visit to 4% and 11% respectively.

The escalating obesity epidemic is a daunting problem in this age group and represents a difficult challenge to the WIC program. Families in poverty often make poor food choices, often choosing calorie dense foods that result in childhood obesity and lifelong disease burden. A comprehensive, targeted education program that is integrated with

other federal and state programs will be required to address the multiple causes of the problem and reverse this alarming trend.

Breastfeeding: The most effective nutritional head start for the infant is mother's milk. Breastfeeding imparts numerous health, social, and economic benefits to the breastfeeding infant and mother.

No formula can possibly substitute for human milk. Human milk is a species-specific living tissue that provides not only the most appropriate nutrients; it also provides antibodies, anti-infectious and other protective elements to optimize the health, development and cognitive skills of the infant, as well as contributing to the psychological well-being of infant and mother.

WIC strongly promotes breastfeeding as the ideal way to feed infants unless medically contraindicated. That said, socio-demographic factors have been shown to be key predictors of poor breastfeeding initiation rates among low income women. Even within the WIC population, there is a gradient between the lower and higher income quartiles of WIC women. Analysis of breastfeeding among WIC women in Maryland indicates that the odds of breast-feeding initiation in the lowest household income quartile was 33-42% lower than the highest household income quartile, even after controlling for family size and health status.

To encourage breastfeeding the WIC program provides prenatal and post-partum education and support through trained WIC staff, lactation consultants, and breastfeeding peer counselors. The supportive role peer counselors play in increasing breastfeeding initiation and continuation is well-documented in the literature. Peer counselors can be particularly effective in reaching this group of women. Peer counselors usually share certain characteristics with their clients, such as ethnicity and socio-economic status, but have been shown to be effective even when not ethnically matched with their clients.

Peer counselors are effective because: they are drawn from the community; breastfed their own infants; serve as credible models; communicate easily and comfortably with clients; follow up post delivery; provide basic education; are available for telephone support; help manage common concerns; and refer as appropriate.

The services of peer counselors have been shown to be significantly more effective than education alone in increasing breastfeeding duration and exclusivity. Using breastfeeding peer counseling services may help to overcome the negative influences of community and familial pressure that encourages infant formula use. The low breastfeeding rates among economically disadvantaged women require a creative response that embraces a broad range of programs and incentives.

RECOMMENDATIONS

Administration:

1. Enroll all pregnant women, infants and children below 185% of poverty, thereby acknowledging the nutritional risk inherent in this highly vulnerable, economically disadvantaged population.
2. Enroll all Medicaid recipients.
3. Give states the option to certify children for up to one year to enhance and allow better nutrition services coordination, increase opportunities for nutrition intervention, improve coordination with healthcare services, reduce duplicative and invasive blood work for children, provide for more counseling time and time with high-risk children, and to streamline and reduce paperwork for clients, clinics, and health care providers.
4. Establish linkages with the health and social services community to maximize the delivery of services in a coordinated and collaborative manner.
5. Integrate WIC services, to the extent possible, with health services to improve communication and better target nutrition and health education, while reducing duplication of costly infrastructure as well as client burden. This will require an improved WIC infrastructure and enhanced information technology.
6. Implement a streamlined uniform qualifying application thereby permitting clients to qualify only once for all federal assistance programs. This will simplify enrollment and reduce cost.
7. Accelerate the expansion and integration of WIC into the Electronic Benefits Transfer Service Delivery System by increasing the commitment to MIS and EBT funding.
8. Enhance outreach to identify and enroll currently un-served populations.
9. Assure that military families who exceed WIC income eligibility criteria as a result of hardship duty and/or hostile fire/imminent danger pay are not subject to a loss of WIC benefits as a result thereof.
10. Implement a national unified approach to negotiating and securing infant formula contracts, thereby maximizing rebates.

Clinic:

1. Establish a common electronic client record across all health and social services providers. A common record will serve to better integrate care, improve communication, target services and manage client education.
2. Establish early identification and recruitment of pregnant women into WIC as a program priority.
3. Emphasize pre- and peri-conception maternal health and nutrition, thereby assuring optimal embryonic development and fetal growth.
4. Provide Vitamin D supplements for exclusively breastfeeding infants and breastfeeding infants who are minimally supplemented with infant formula.
5. Emphasize increased enrollment of preschool children. Toddlers and preschool children experience more subtle and often difficult-to-measure effects of under-nutrition, including decreased activity, interaction and stimulation, resulting in poor cognitive development.

6. Implement preventive programs to reduce the risk of obesity
7. Clinically counsel and periodically evaluate overweight and obese clients.

Education:

1. Target nutrition education to health and nutrition risk and revise the definitions and references to nutrition education to include breastfeeding support and promotion.
2. Coordinate education with health care providers.
3. Address incipient overweight and obese patterns in WIC clients.
4. Require periodic review of the food packages by the Institute of Medicine to assure that the food packages are consistent with dietary science and more closely reflect regional, cultural, ethnic and racial differences.
5. Breastfeeding peer counselors are effective; employ them to reinforce and augment prenatal and postnatal breastfeeding education by expanding the successful breastfeeding initiative included in the last reauthorization.
6. Encourage and support breastfeeding support groups.
7. Develop and/or expand WIC-generated, client-oriented internet educational information and support services to complement, reinforce and extend clinic-based education.
8. Support WIC efforts to prepare families for the post-WIC period by addressing household economics, dietary requirements, appropriate food selection and prudent shopping patterns.

Finally, the National WIC Association's recommendations augmenting the above are included in my submitted testimony.

Summary

The promise of the WIC program will be realized when all WIC eligible women, infants and children can participate. Current funding levels are insufficient to meet the needs of all potentially eligible women, infants, and children. Furthermore, increased emphasis must be placed on prevention, rather than remediation.

To accomplish this, the program can be streamlined through a series of cost-effective programmatic modifications to eligibility requirements and screening, national food contracts, maximum food rebates and elimination of duplicative services and infrastructure through coordination and co-location with health service providers to increase program penetration at reduced cost.

Despite the challenges that lie ahead, I would like to end by noting the comments of two lions of the Senate: Senator McGovern recently stated in a program celebrating the history of WIC that the WIC Program is the greatest public health program passed in the Senate, to which, in another venue some months later, in the spirit of true bipartisanship, Senator Dole added his "amen."

STATEMENT

OF THE

SCHOOL NUTRITION ASSOCIATION

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

UNITED STATES SENATE

MARCH 4, 2009

Chairman Harkin, Senator Chambliss, Members of the Committee, I am Katie Wilson, PhD, SNS, President of the School Nutrition Association (SNA) from Onalaska, Wisconsin. With me today is the President- Elect, Dora Rivas, M.S., R.D., SNS, from Dallas, Texas, our Counsel, Marshall Matz, and a number of my colleagues.

Mr. Chairman, we are meeting here at a time of unprecedented economic challenge for our country. School food programs are a key part of the vital safety net for a growing number of our school children. For some students, school breakfast is the first meal they have eaten since the school lunch the day before. There are students who come to school on Monday not having eaten since lunch on Friday. If a school does not have a breakfast program that school lunch may be the student's first full meal since the previous school lunch.

As a country we have gone from discussing millions of dollars, to billions of dollars to trillions of dollars. It is simply overwhelming. Yet, at the same time, each of us in this hearing room is struggling to balance pennies. The average cost of producing a school lunch is $2.92 based on our internal study. Currently local schools receive a federal reimbursement of $2.57 for every lunch provided to a child with income below 130% of the poverty line. Therefore, on average, our reimbursement for a free meal is 35 cents less than it costs to produce that meal.

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Each of us in this room can tell you personal stories of children who do not have enough money to even afford a reduced price lunch and breakfast, let alone a full priced meal. It's hard to believe, but there are in fact, many families that cannot afford 40 cents per child per day for lunch and 30 cents for breakfast. We see checks for just a few dollars that are returned due to insufficient funds. In some school districts, report cards are held up at the end of the year because the student owes a few dollars in lunch fees.

We also struggle with conflicting interests. Given the shortfall of funds, there is tremendous pressure put on the sale of competitive foods. While we have dramatically improved the appeal and nutritional quality of school meals, there are no federal guidelines for foods and beverages sold by schools outside the cafeteria that also appeal to students. Unwisely, this takes the emphasis off of nutrition. We are adding more fruits, vegetables and whole grains to both reimbursable and competitive food offerings. This is an important goal that we have embraced and made progress with, but it further increases the cost of preparing a meal. We need the money from competitive foods to offset these costs.

School administrators are also short of funds and are therefore charging school nutrition programs more and more of the overhead costs of running the entire school. It is called an "indirect cost" of the program. In short, money that you appropriate for school meals can pay for energy, or telephones, or it can even be used for personnel costs in the principal's office. In some situations, funds designated for school meals can be used for direct classroom instruction by being labeled an "indirect expense." Neither the statute nor the regulations put any cap on "indirect costs" and some districts pay as much as 15-18% of their budgets in indirect costs. We believe that States and local governments should be supplementing the federal child nutrition funds, not using them to pay for unrelated expenses to support the education function of the school, as important as that is to the child.

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The school nutrition program is also asked to absorb the full cost of collecting and verifying the income of children applying for reduced price meals even though the information is being used by many programs in the school. Free and reduced price meal certification is used for many services provided in the school, including Title I funding, yet the school food account pays the full cost of collecting the information.

Mr. Chairman, as you approach Reauthorization, we ask the Congress to take a comprehensive look at the federal child nutrition programs and realize that we are struggling with competing needs and policy goals.

Nutrition standards are an excellent example. We support a consistent national interpretation of the *Dietary Guidelines for Americans* for two reasons: science and cost considerations. All children need the same nutrients to grow no matter where they live in our country. There is one *Dietary Guidelines for Americans*, and one national nutrition labeling scheme. Why would we allow 50 or more different interpretations of the *Dietary Guidelines* when it comes to the National School Lunch and Breakfast Programs? Children all need the same nutrients – whether in Iowa, Georgia or California.

If you allow every state or local community to create their own guidelines, it will further increase the cost of our meals. The school nutrition program is a small market for our vendors. When USDA changes the meal guidelines all vendors change their specifications to accommodate the latest science. If, however, there are 50 different markets and not just one, it greatly increases the cost of doing business. That increased cost is passed on to the School Nutrition Programs, which then puts more pressure on the already inadequate federal reimbursement rates.

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SNA has long believed that the time has come to eliminate the "time and place" rule and give the Secretary the authority to regulate the sale of all foods and beverages sold, or made available, to students on the school campus, **consistent with the *Dietary Guidelines for Americans***. The standard, whatever it is, must be applied consistently throughout the school environment. If it is not, healthy school meals must compete with foods and beverages that are high in fat, sugar and calories and are often available in vending machines or school stores. This diverts money from the school nutrition program and it sends a completely conflicting message to students about what is healthy. Students must not be allowed to buy in the gym a product that can't be sold in the cafeteria.

In addition, we ask that you require USDA to implement the *Dietary Guidelines for Americans* in **a practical, consistent manner all over the country**.

With regard to funding, we are asking for several changes to help us:

- First and foremost, please increase the reimbursement for all lunches served by 35 cents. In the breakfast program we are seeking 20 cents for all breakfasts served.
- We believe that the federal reimbursement rates should be updated twice a year to keep pace with inflation, as opposed to the current annual adjustment. We can no longer get annual contracts for our food. Many vendors escalate their prices monthly.
- The free meal program should be expanded to include all children who fall below the WIC income guideline, or 185% of poverty. If the family qualifies for WIC they should qualify for free meals.

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- Lastly, we are asking for 10 cents in USDA commodities for each breakfast served. As you know, we receive about 20 cents in commodities for each school lunch, but there is no commodity support for breakfast. Commodity support would provide an added incentive to expand the breakfast program, and additional assistance to agriculture.

Mr. Chairman, we are asking for a lot and we realize that it makes your life more complicated. But, our children need this in order to be well nourished and prepared to learn. If the United States is to compete effectively in a world market, we must have an educated work force. That cannot happen if the children are hungry and distracted.

Mr. Chairman, in closing, we would like to thank the Senate for its leadership in providing equipment assistance funding as part of the recent stimulus bill. While school nutrition personnel are great innovators in serving wholesome foods to our nation's children, they cannot efficiently serve meals if our equipment is obsolete or in need of repair.

We regret, however, that funding for the expansion of the Child and Adult Care Food Program suppers effort was deleted from the final bill. In many locations, students are staying at schools later and later because of their parents' work schedules. Having the ability to provide one more meal per day is something that deserves continued consideration during these difficult economic times. Perhaps that can be addressed in the Reauthorization.

Mr. Chairman, we have attempted today to outline our major priorities. We will provide staff with a list of administrative changes that could make the programs more effective and easier to administer.

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We greatly appreciate this hearing and your commitment to our children and child nutrition.

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DOCUMENTS SUBMITTED FOR THE RECORD

MARCH 4, 2009

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Campaign to End Obesity Statement for the Record

U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Hearing on Improving Nutrition for America's Children in Difficult Economic Times

Wednesday, March 4, 2009

The Campaign to End Obesity ("The Campaign") is a nonprofit, nonpartisan organization dedicated to reversing the rising rates of obesity through federal policy action. The Campaign is the only organization that brings together leaders in public health, academia, and industry to promote common policy goals for stemming the nation's obesity epidemic (a list of our Board and Advisory Board members are attached). We commend the Health, Education, Labor, and Pensions Committee for its commitment to helping Americans live healthier lives. The Campaign looks forward to continuing to work with the Committee to assist in developing and advancing policies that enable better prevention, identification, management and treatment of obesity.

A Crisis We Cannot Afford to Ignore

Obesity is now the most costly and prevalent chronic disease affecting American adults and children, and the single most dangerous driver of every other chronic disease afflicting our nation. Eighty-three cents of every dollar spent on U.S. health care costs is associated with obesity, and that number continues to grow as the epidemic triggers greater incidence of costly chronic diseases like heart disease, cancer and diabetes. Today, nearly 33 percent of the American adult population is obese, more than double what it was in 1980.[1] Likewise, an astonishing 16.3 percent of children are considered overweight or obese.[2]

The obesity epidemic has brought other tolls as well: children with obesity suffer from a growing list of emotional disorders such as depression, social stigmatization, and poor academic performance; employees with obesity cost private employers $45 billion a year due to medical expenses and excessive absenteeism;[3] and, Americans with obesity face lower quality medical care as the current infrastructure may be inadequate to diagnose, monitor and treat them.

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[1] Fox, Maggie. "Obese Americans Now Outweigh the Merely Overweight." *Reuters*. January 9, 2009. http://www.reuters.com/article/domesticNews/idUSTRE50863I20090109

[2] Ogden, C.L., M.D. Carroll, and K.M. Flegal. "High Body Mass Index for Age among U.S. Children and Adolescents, 2003-2006." *Journal of the American Medical Association* 299, no. 20 (2008): 2401-2405.

[3] Rosen, B. and L. Barrington. *Weights & Measures: What Employers Should Know about Obesity*. New York, NY: The Conference Board, April 2008.

Working Together Toward Solutions

How can we begin to reverse the tide on rising obesity rates across the country? Families, communities, local, state, and the federal government all must take a leadership role to fight this perilous epidemic to improve the health of the American people and reduce the ever-growing costs of this deadly disease on our health care system.

The Campaign's leadership believes that, if powerful interests work together, we can drive the national policy change needed to achieve the goal of reducing obesity rates. The Campaign urges policymakers to work actively in the current Congress to adopt the following new and aggressive policies that will create a framework to encourage healthy living

- **BOLSTER ACCESS FOR AMERICANS TO AN ENVIRONMENT THAT HELPS REDUCE THEIR PROSPECTS OF BECOMING OBESE**
  - Expand the infrastructure to facilitate and encourage increased physical activity in communities and schools;
  - Incent or require increased physical activity for children during the school day; and
  - Increase access to healthy nutrition for children by providing incentives.

We commend Congress for already acting this year on one of the Campaign's priorities: including a childhood obesity demonstration project in the SCHIP reauthorization bill. Authorizing grants to community organizations across the nation to develop programs that encourage healthy living is a step in the right direction to preventing obesity, particularly as it affects one of our most vulnerable populations - children of economically disadvantaged homes.

The Campaign believes that a new Congress and new Administration presents a unique opportunity to make real reforms to give Americans a chance for a better, healthier weight and life. We look forward to working with Congress and the new Administration to achieve these reforms. Please contact Noelle Lundberg (nlundberg@vcinstrategies.com) or Jennifer Conklin (Jennifer@obesitycampaign.org) with any questions.

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In light of the tremendous social, economic and health costs to the nation of current obesity rates, the Campaign to End Obesity was formed to bring together leading interests from industry, public health, academic and social advocacy organizations to promote federal policy changes that can reverse dangerously high U.S. rates of adult and childhood obesity.

The Campaign was launched in 2007 as a follow-on to the National Summit on Obesity Policy, at which 100 leading organizations – including many of the Campaign's current participants - formulated a consensus agenda for reducing obesity through changes to U.S. policies in the areas of nutrition, physical activity and health care delivery.

The following organizations currently serve on the Campaign **Advisory Board**:

AARP
American Cancer Society
American Diabetes Association
American Dietetic Association
American College of Gastroenterology
American Heart Association
Amerinet, Inc.
Arena Pharmaceuticals
Center for Science in the Public Interest
Discovery Health Channel
Disease Management Association of America: The Care Continuum Alliance
First Focus
STOP Obesity Alliance/GW University
Great Waves!
Healthcare Leadership Council
Humana
International Health, Racquet & Sportsclub Association
Johnson & Johnson
Leadership for Healthy Communities
National Association of Chronic Disease Directors
National Association of Sport and Physical Education
National Coalition for Promoting Physical Activity
National Hispanic Medical Association
National Medical Association
National Park and Recreation Association
Nemours Div of Health and Prevention Services
NIKE, Inc.
Partnership for Prevention
PhRMA
Shaping America's Health
Sporting Goods Manufacturers Association
Trust for America's Health
University of Wisconsin Medical Foundation
YMCA of the USA

Statement of
Jerry Kozak
President and CEO
National Milk Producers Federation
Submitted to the
Senate Committee on Agriculture, Nutrition, and Forestry
Hearing on
Improving Nutrition for America's Children in Difficult Economic Times

March 4, 2009

I am Jerry Kozak, president and chief executive officer of the National Milk Producers Federation. Our members market the majority of the milk produced in the United States today. This makes NMPF an effective voice on national issues for dairy cooperatives and their dairy farmer members. I am pleased to submit this statement for the record.

Few topics are more important than the one the committee is currently considering. In difficult economic times, it is vitally important that the federal government's commitment to the child nutrition programs remain strong. The National School Lunch Program, School Breakfast Program, Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Summer Food Service Program, and the other federal child nutrition programs make a significant contribution to the health and well-being of America's youth. These programs are particularly important for low-income children, a group that is, unfortunately, growing larger.

Together, these programs help more than 53 million children and adults meet their daily nutritional needs. The school lunch program helps provide nutritious lunches to more than 30 million students every day, while the school breakfast program supplies morning meals to about 10 million students daily. WIC, created in 1974, provides food assistance and nutrition counseling to more than 8.5 million pregnant and lactating women and their children. The Summer Food Service Program provides funds to organizations serving meals to more than 1.9 million low-income children, and the Child and Adult Care Food Program (CACFP) funds healthy meals and snacks in child care centers and other settings, including homeless shelters and adult day care centers. In 2003, CACFP served more than 2.8 million children and 80,000 elderly. Finally, for schools, child care institutions and camps that do not participate in other federal child nutrition programs, the Special Milk Program served more than 90 million half-pints of milk in 2007.

DAIRY PLAYS A KEY ROLE IN CHILD NUTRITION PROGRAMS

Dairy foods play an important role in all the child nutrition programs. In fiscal 2005, the government provided approximately 540 million gallons of milk through these programs. Because milk is such a nutrient-rich food, the American Academy of Pediatrics recommends that children four to eight years old drink three cups of low-fat or fat-free milk a day and adolescents drink four eight- to 10-ounce glasses of milk per day. The 2005 Dietary Guidelines for Americans recommends three cups of fat-free or low-fat milk for physically active young children.

As Congress engages in its review of child nutrition programs this year, I respectfully bring to your attention that there has been a major development in the types of milk consumed in schools. The noteworthy development is that nearly four out of five students in the school lunch program now choose low-fat or fat-free milk over higher-fat milk. Data from USDA's third School Nutrition Dietary Assessment (SNDA III) study show that 79.1 percent of milk-drinking students chose low-fat or fat-free milk in 2005. That is a sea change over SNDA I, which showed less than 30 percent of students who drank milk chose either low-fat or fat-free varieties in 1992. These findings suggest that schools are voluntarily moving toward low-fat and fat-free white and flavored milk—and that students are enjoying these nutritious varieties more than ever before.

Because of its unique nutrient package, milk is a mandatory component of each school meal, and WIC food packages supply the number of recommended dairy servings for nearly all participants. Dairy is the only food group for which this is true, and with good reason. Unlike many other foods in the child nutrition programs, milk is a good or excellent source of nine essential nutrients: calcium, vitamin D, protein, potassium, vitamin A, vitamin B12, riboflavin, niacin and phosphorous. In addition to milk's role as a good or excellent source of these nutrients, data from USDA's Continuing Survey of Food Intake by Individuals (CSFII) shows that milk is the number one source of the following nutrients in the diets of children ages 2-18: protein, vitamin A, riboflavin, vitamin B-12, vitamin B-12, calcium, phosphorous and potassium.

Of these, calcium is most likely to be in short supply in a typical American diet, and was classified as a "nutrient of concern" in the 2005 Dietary Guidelines. According to the Agriculture Department, only about half of children ages one to eight consume enough calcium each day. Adolescent girls and adult women are much worse off: only nine percent of females 14 to 18 years old, 21 percent of 19-30 year old females, and 15 percent of 31-50 year old females meet calcium recommendations.

It's difficult to meet calcium needs without dairy foods, since they are by far the most significant source of calcium in the American diet. One analysis found that dairy provided 83 percent of the calcium in the diets of young children, 77 percent of the calcium in adolescent girls' diets, and at least 65 percent of the calcium in adults' diets. Also, as a source of potassium, magnesium and vitamin A, dairy provides three essential nutrients known to be lacking in the diets of WIC participants. Potassium and magnesium were also classified as "nutrients of concern" in the U.S. Dietary Guidelines.

Preventing nutritional deficiencies is just one benefit of including dairy in these programs. A large collection of evidence also shows that dairy foods are crucial in reducing the risk of several chronic diseases and can contribute to reduced healthcare costs associated with these conditions.

KEY ISSUES FOR CONGRESS

In renewing the child nutrition programs this year, Congress is expected to examine their effectiveness and look for ways to improve them. Among the issues that have already surfaced:

- Additional funding because of higher food costs and growing participant rolls
- Expanding the school breakfast program and streamlining the distinction between reduced-cost and free meals
- Restricting the types of foods and beverages available in the school environment, and establishing nationally uniform nutrition standards
- Increasing the consumption of fruits, vegetables, whole grains, and low-fat or nonfat dairy foods

Of these, additional funding is perhaps the overriding issue this year. We urge the committee to provide increased funding for school feeding programs so that schools are better able to provide more nutritious meals and to promote expansion of the school breakfast program to all schools. As food prices have increased, resources have not kept up with inflation. Even with a recent increase in the federal reimbursement rate, the cost of serving a school lunch in many schools exceeds the available money. In addition, there is an ongoing push to improve the nutritional quality of school meals. This is laudatory. However, better nutrition costs money too.

Another key issue is child obesity. Like adults, children are increasingly overfed yet undernourished. They consume too many foods that are high in calories but low in nutrients. The more nutrient-poor foods children consume, the more difficult it becomes for them to meet their nutrient needs without gaining weight. For young children, with proportionately lower calorie needs, the consumption of nutrient-rich foods is particularly important.

The lack of physical activity among children reinforces the need to get the most nutrients per calorie. According to the Centers for Disease Control, more than 61 percent of children ages nine to 13 do not participate in any organized physical activity during non-school hours. Nearly 23 percent do not engage in any free-time physical activity at all.

The importance of combining a good diet with adequate physical activity in preventing obesity, cardiovascular disease, hypertension, type 2 diabetes and osteoporosis later in life is well established. Diet plays a particularly important role for lower income children, as poverty-related malnutrition in early life predisposes them to obesity, cardiovascular disease and diabetes.

The good news is that the child nutrition programs can help by encouraging consumption of cost-effective, nutrient-rich foods, including low-fat and non-fat dairy products. Lunches consumed by children participating in the school lunch program are generally more nutrient-rich than lunches of non-participants. Also, low-income children who participate in the school lunch program are more likely to have adequate intakes of 10 essential vitamins and minerals, including vitamins A, B-6, and B-12, folate, niacin, riboflavin, thiamin, iron, phosphorus, and zinc. According to the Agriculture Department, the diets of children participating in WIC are not only more nutrient-rich than the diets of similarly-situated non-participants, but are comparable to those of higher-income children. These foods not only improve diets, but help establish lifelong dietary habits that reduce the risk of disease into adulthood.

DAIRY CAN HELP

Overall, milk is associated with better diets among children. As the Healthy People 2010 report pointed out, "with current food selection practices, use of dairy products may constitute the difference between getting enough calcium in one's diet or not." In addition, four cups of vitamin D-fortified milk meets the new American Academy of Pediatrics recommendation for vitamin D consumption. The AAP also has singled out low-fat or non-fat dairy products as an important source of protein for children.

The Dietary Guidelines recommend consuming more of four food groups: low-fat and fat-free dairy foods, fruits, vegetables and whole grains. Between 1977 and 2001, milk consumption decreased from 3.46 servings to 2.75 servings among 2 to 18 year olds. During that same time period, soft drink consumption increased nearly 50 percent. According to a USDA analysis, school lunch program participants consumed four times more milk at lunch than non-participants. Nationally representative

evaluations indicate that participating in the school lunch and breakfast programs significantly increases intakes of a range of nutrients, especially calcium, phosphorus, vitamin D, vitamin A, magnesium, riboflavin and protein. Much of these gains can be attributed to the intake of milk and dairy products.

In addition to fluid milk, cheese – which accounts for 38 percent of U.S. dairy intake – is a good source of protein and phosphorus, as well as an excellent source of calcium. Cheese is also popular with children and, when offered as part of school meals or snacks, can help children meet daily recommendations for three servings of milk, cheese or yogurt. Also, adding cheese to vegetables, sandwiches and soups can make them more appealing to children.

Some advocates of an overly restrictive approach to diet decision-making have misapplied the 2005 Dietary Guidelines to individual foods rather than overall daily diets. A result of such an approach would be that nutrient-rich, popular foods like cheese could be at risk of undue restriction in school meals because they contain some saturated fat or sodium content. These foods can easily fit into the daily diet so long as such diets are based on balance and moderation. Averaging the nutrient content of meals over the course of a week provides needed flexibility to schools in meeting nutrient standards and assures that school meals are balanced. Establishing standards on a per-meal or per-food basis would be severely restrictive and would inappropriately eliminate many nutrient-rich foods currently being served. An important goal of these programs is to help children develop good eating patterns in adulthood. Learning to enjoy a wide variety of foods in moderation and through the consumption of a balanced diet is a vital nutritional skill that would be undermined by fostering avoidance of certain foods.

Another issue for Congress to monitor is the role of nondairy beverages that substitute for milk. Congress addressed this issue in the 2004 reauthorization of the Child Nutrition Act, granting schools the option of providing substitute beverages so long as they are nutritionally equivalent to milk. Congress directed USDA to establish nutrition standards for eligible substitute beverages, which the department did. In effect, USDA's rule requires that any substitute for milk must be fortified to contain the same nutrients for which milk is a major source in the diets of school age children. USDA's sound rationale – based on the nutritional equivalency direction from Congress – is that if children are to receive a beverage that substitutes for milk, it must contain the key nutrients of the beverage it is replacing: milk. Some are now advocating a loosening of this standard to essentially re-define "nutritional equivalence" as only those nutrients that the Dietary Guidelines have identified as "nutrients of concern" for children. This absurd proposition may be in the interest of manufacturers of faux milk beverages, but it is not in the interest of children's health. The very reason that the Dietary Guidelines identified certain nutrients as "nutrients of concern" is that they are being under-consumed. It would be foolish to adopt a proposal that would contribute to further nutritional deficiencies by encouraging children to consume nutritionally inferior processed beverages in place of the more complete nutrient package they receive naturally from milk.

Dairy foods are also an important component of the WIC program. Because of WIC, children in this program – unlike many of those in the general population – consume adequate levels of calcium. De-emphasizing dairy products among this population increases the likelihood it will join the ranks of those not consuming adequate amounts of calcium and other important nutrients, thereby compromising their health. When the National Academy of Sciences' Institute of Medicine made recommendations to USDA in 2005 on revisions in the WIC food packages, they urged that yogurt be added to the program as a nutritious and highly popular food. Citing cost reasons, USDA's final proposal to implement the IOM recommendations did not include yogurt. We believe USDA's decision was misguided and we urge the

committee, in its actions to reauthorize the WIC program, to direct USDA to include yogurt as part of the WIC food packages for women and children. We are pleased that the Food Research and Action Center has also urged adding yogurt to the WIC food package and we support their efforts.

The goal of child nutrition programs is to ensure that nutritional needs are met. That makes including dairy foods wise, especially when school budgets are tight and food costs are rising. Research consistently shows that dairy foods provide more nutritional bang for the buck than other sources of calcium. Furthermore, dairy products are overwhelmingly preferred over non-dairy alternatives.

In a study published in the Journal of the American Dietetic Association in 2001, milk was found to be the most economical and greatest source of calcium and contributed the most protein per calorie, compared with other components of school lunches. In addition, milk provides this low-cost nutrition in a package kids prefer. In a taste test, unflavored whole, reduced-fat and low-fat milks were rated as "excellent" or "very good" by children ages eight to 16 years. Unflavored soy beverage, on the other hand, was rated "poor," "needs major reformulation," or "acceptable, but needs work." Lactose-free milk also trumped unflavored soy milk.

FLAVORED AND UNFLAVORED MILK

The same 2001 study revealed kids' clear healthy beverage of choice: low-fat chocolate milk. According to School Nutrition Dietary Assessment data, two-thirds of the milk chosen by school children is flavored. Flavored milks are also accepted by parents and school food service directors. When 200 parents of children ages eight to 13 were interviewed, 85 percent agreed that chocolate milk should be offered to students at least a few times a week. When 206 school food service directors in the Southwest were interviewed, nearly four in five supported serving chocolate milk because children prefer it over unflavored milk and that resulted in both greater participation in school meal programs and higher calcium intakes.

According to the Dietary Guidelines, adding a small amount of sugar to nutrient-rich foods such as reduced-fat milk enhances palatability and improves nutrient intake without contributing excessive calories. Flavored milk provides the same nine essential nutrients as unflavored milk, and flavored milk can help kids meet their calcium requirements. Moreover, according to a 2008 study published in the Journal of the American Dietetic Association, flavored milk did not lead to significantly higher intakes of added sugars. In fact, children who drink flavored milk fared better on a variety of nutritional fronts. Also, according to a recent telephone survey of 300 pediatricians, nearly 60 percent agreed that low-fat and fat-free chocolate milk is "the best beverage source of calcium," placing it above both calcium fortified orange juice and soymilk.

Limiting access to flavored milk, because of its moderate amounts of added sugar, may only have the undesirable effect of further reducing intakes of essential nutrients. The School Milk Pilot Test, conducted by the National Dairy Council and the School Nutrition Association, demonstrated that school milk consumption can be increased by 37 percent—and participation in school meal programs increased by five percent—simply by offering a variety of flavored milks in kid-friendly plastic containers displayed in glass-front coolers.

DAIRY AND CHRONIC DISEASE

According to a report published in The American Journal of Hypertension, adequate intake of dairy foods, with their broad complement of essential nutrients, can contribute significantly to reducing the long-term economic burden of several medical conditions. This report found that, in adults, a low dairy intake is linked to type-2 diabetes, kidney stones, certain negative outcomes of pregnancy, and some cancers. In addition, the authors estimate that simply increasing adult dairy intake to the recommended three servings a day could reduce the incidence of obesity by 25 percent in five years, cut the prevalence of mild-to-moderate hypertension by 40 percent almost immediately, and reduce the risk of fractures due to osteoporosis by 20 percent. These reductions in risk translate to a first-year savings in healthcare costs of approximately $26 billion dollars. After five years, the savings could exceed $200 billion.

Many of these diseases have their beginnings in childhood. Overweight children, for example, are at increased risk of being overweight adults, and being overweight increases chronic disease risk during childhood as well as into adulthood. The Framingham Children's Study found that children with low dairy intakes gained more body fat throughout childhood and adolescence than those with a greater intake of dairy.

Osteoporosis—a major public health threat to 44 million Americans—is known as "a pediatric disease with geriatric consequences," because inadequate calcium and dairy food intake in youth results in a higher risk for osteoporosis and life-threatening fractures later in life. Bone mass in adulthood is determined primarily by peak bone mass, which is 90 percent complete by 20 years of age.

Research over the last 40 years has shown that heart disease begins early in life and is progressive throughout the lifespan. According to the Fourth Report on the Diagnosis, Evaluation, and Treatment of High Blood Pressure in Children and Adolescents, primary hypertension is now known to be common in children, and research has found that low intake of dairy products may be a contributing factor. The Framingham Children's study found that preschool children who consistently consumed two or more servings of dairy daily had smaller yearly gains in systolic blood pressure throughout childhood compared with children consuming less dairy.

Eating patterns are largely established by age five and a healthy eater in youth is more likely to remain one through the decades. According to a study published in the International Journal of Epidemiology, children carry certain eating practices—such as eating all food on the plate, using food as a reward, eating dessert and eating regularly scheduled meals—into young adulthood. Another study found that young adults select foods based on memories of their parents discussing nutrition during childhood. By familiarizing children with healthy foods like low-fat and non-fat dairy products, the child nutrition programs consistently reinforce the basic tenets of a healthful diet that will likely continue for the rest of their lives.

CONCLUSION

The primary objective of the child nutrition programs is to help the nation's children meet basic nutritional needs. That goal is more important than ever today. National data show that the school lunch and breakfast programs significantly increase children's intakes of a variety of essential nutrients, including calcium, phosphorus, vitamin D, vitamin A, magnesium, riboflavin and protein.

It is important that child nutrition programs be adequately funded, and that they continue to emphasize low-fat and fat-free milk and dairy products. Congress should reject any efforts to lessen dairy's key role in these programs for the following reasons:

- Milk is nutritionally unique: it is a good or excellent source of nine essential nutrients that are likely to be in short supply in the American diet.
- Dairy foods are the most significant source of calcium in the food supply, and they provide it in a package kids enjoy and schools can afford.
- WIC children are more likely to meet their calcium needs than children in the general population, and much of this can be attributed to the inclusion of dairy in the WIC food package.
- Poverty-related malnutrition in early life predisposes underprivileged children to type 2 diabetes, obesity, cardiovascular disease and diabetes during adulthood. Dairy foods supply nutrients that may also help reduce the risk of these chronic diseases.

Congress can help safeguard children's health by continuing to stress daily consumption of low-fat and fat-free dairy products in the child nutrition programs and by better funding all these programs. Especially today, the nation's children deserve no less. The National Milk Producers Federation, along with the other parts of the dairy industry, is ready to assist you in meeting these goals in any way we can.

National WIC Association

2009 WIC Reauthorization Legislative Agenda

WIC For A Healthier, Stronger America!

The Special Supplemental Nutrition Program for Women, Infants, and Children – WIC – has improved at-risk children's health, growth and development, and prevented health problems for 34 years. **WIC children enter school Ready to Learn,** showing better cognitive performance.

WIC serves 9 million mothers and young children, over half of all America's infants and one-quarter of its children 1–5 years of age. Still, the National Academy of Sciences has found that there is significant unmet need and many WIC eligibles are unable to receive services due to funding constraints and infrastructure limitations.

Families Turn to WIC in Economic Crises

Families turning to WIC for nutrition assistance are vulnerable and at-risk. Economic crises compound their vulnerability. WIC food packages and the nutrition services that accompany them ensure that WIC mothers and young children stay healthy. WIC caseload has grown from serving 7.9 million mothers and young children in fiscal year 2004 to over 9 million in fiscal year 2009.

Quality Nutrition Services – at WIC's Heart

Quality nutrition services are the centerpiece of WIC: nutrition and breastfeeding education, nutritious foods, and improved healthcare access for low and moderate income women and children with, or at risk of developing, nutrition related health problems. WIC's committed, results oriented, entrepreneurial staff stretch resources to serve the maximum numbers of women, infants, and children and ensure program effectiveness and integrity.

As the nation's premier public health nutrition program, ***WIC is a cost-effective, sound investment – insuring the health of our children.***

NWA Reauthorization Recommendations

- ***Assuring and Enhancing WIC's Preventative Public Health Value***

Assuring Nutrition Services (NSA) Funding and Adjunctive Eligibility Options – Proposals in Fiscal Years 2006-09 to freeze or cap nutrition services administration (NSA) funding would have negatively impacted WIC cost containment efforts and the ability of WIC staff to deliver quality nutrition services – the key to influencing and transforming eating habits and affecting the nation's epidemic of obesity and overweight. And, proposals to cap adjunctive eligibility would have resulted in higher NSA costs, eroded nutrition services, and damaged the preventative value of WIC. ***NWA recommends:*** *protecting and preserving the current language in Sec. 1786 (h)(1)&(2) and in Sec. 1786 (d)(2)(A)(iii).*

Guaranteeing the Program's Eligibility Guidelines – The preventative public health value of WIC – healthy pregnancies, improved birth outcomes, WIC's positive impact on the incidence of overweight and obesity, improved overall nutritional health and well-being of the nation's at-risk mothers and young children – is well documented and helps to keep down the nation's health

care costs. ***NWA recommends:*** *protecting and preserving the current language in Sec. 1786 (c)&(d).*

- ***Protecting and Preserving the Integrity of the WIC Food Packages***

Securing Science Based Decisions – The nutritional value of the food packages and the types and kinds of food products included in the WIC food packages must be science based and immune from the politics of the legislative process. Congress supported **NWA**'s call for a long overdue scientific review of the then 30-year old WIC food packages. This led to recommendations from the Institute of Medicine to include fruits and vegetables, culturally appropriate foods, reduced quantities of eggs and juice, milk substitutes, and low fat dairy products in the food packages. States are now implementing those changes. ***NWA recommends:*** *To assure continued integrity of the food packages Congress should mandate the review of the WIC food packages by the Institute of Medicine every 10 years or when changes occur in national nutrition standards.*

Suggested language – To Sec. 1786 (f)(11)(D) Review of Available Supplemental Foods revise to "At least every 10 years or when changes occur in the national nutrition standards and to reflect the most recent scientific knowledge, the Secretary shall – (i) conduct a scientific review by the Institute of Medicine of the supplemental foods available under the program;"

- ***Achieving Efficiencies, Coordinating Nutrition Services with Health and Safety Net Programs, and Saving Health Care Dollars***

Extending Certification Periods – To enhance and allow better nutrition services coordination, increase opportunities for nutrition intervention, improve coordination with healthcare services, reduce duplicative and invasive blood work for children, provide for more counseling time and time with high-risk children, and to streamline and reduce paperwork for clients, clinics, and health care providers – ***NWA recommends:*** *giving States the option to certify children for one year.*

Suggested language – To Sec. 1786 (d)(3)(A) add (iii) Children.—A State may elect to certify children for a period of 1 year.

- ***Improving WIC Infrastructure***

WIC participation has grown by nearly 10% between fiscal year 2004 and fiscal year 2008. Yet, WIC infrastructure funding has failed to keep pace with inflation and remained static at roughly $14 million since 1999. WIC has responded entrepreneurially to limit clinic challenges by shifting from one month to three month food voucher issuance and where possible, extending clinic hours. WIC desperately needs to build capacity to respond to growth and reduce the risks of systemic problems. The current infrastructure funds level is small and has been inadequate to meet other essential program infrastructure needs. This has caused USDA to sacrifice the resource base on a single priority to the disadvantage of other infrastructure program needs including special project grants that help WIC State agencies demonstrate more effective ways of doing business. ***NWA recommends:*** *that infrastructure funding be unencumbered and increased from $14 million to $40 million.*

Suggested language – revise Sec. 1786 (h)(1)(J)(10)(A)to read: In General.—For each of fiscal years 2010 through 2013, the Secretary shall use for the purposes specified in subparagraph (B), $140 million. (B) Purposes.—Of the amount made available under subparagraph (A) for a fiscal year, not more than—(i) "$40 million" shall be used for . . . ."

National WIC Association

- ***Enhancing Service Delivery Through Information Technology***

Improving the Use of Information Technology to Enhance Service Delivery and Building Management Information Systems (MIS) – Technology provides a critical foundation for quality WIC services and Program Integrity. Funding WIC technology from existing resources compromises WIC's ability to deliver services and develop responsive MIS systems. Current limits on funding prevent roughly one in three WIC State agencies from meeting USDA core functions. To develop and maintain MIS and electronic service delivery systems – ***NWA recommends:*** *Congress provide an additional $60 million annually in unencumbered funds outside the regular NSA grant to implement MIS core functions, upgrade WIC technology systems, maintain MIS and electronic services, and expedite USDA's 5 year plan for State MIS systems.*

Suggested language – Revise paragraph (10)(B)(ii) of Sec. 1786 (i)(J) to read: (B)(ii) "$60,000,000 shall be used to establish, improve, or administer management information systems for the program, including changes necessary to meet new legislative or regulatory requirements of the program;" And revise paragraph (10)(C) of Sec. 1786 (i)(J) to read: "PROPORTIONAL DISTRIBUTION.—In a case in which less than $140,000,000 is available to carry out this paragraph, the Secretary shall make a proportional distribution of funds allocated under subparagraph (B)."

- ***Protecting WIC's Limited Technology Resources***

Moving to an electronic benefit transfer (EBT) environment – Current law asks WIC to absorb a retail vendor's costs of transition to an EBT environment. **NWA** does not believe that it was Congressional intent to have WIC serve as the payer of first intent for ongoing retail vendor WIC EBT costs. ***NWA recommends:*** *Current law be amended to clarify that WIC is not expected to pick up the on-going costs of communications lines, processing fees, maintenance, and new and replacement equipment costs.*

Suggested language – Revise paragraph 17(h) of Sec. 1786 (h) to read: *Imposition of costs on retail stores* – The Secretary may not impose, or allow a State agency to impose the costs of any equipment, system, or processing required for electronic benefit transfers on any retail store authorized to transact food instruments, as a condition for authorization or participation in the program during the state's transition to an EBT environment. Subsequent to the successful completion of a state-wide rollout of an EBT system, communications, processing fees, maintenance, and new or replacement equipment costs will be borne by the retailers as an integral part of the commercial relationship with the software/hardware companies that support them.

- ***Promoting and Supporting Breastfeeding in WIC***

Breastfeeding is the normal and most healthful way to feed infants – The benefits to infants and mothers are numerous.

For children, science shows that human milk: may lower the risk of obesity in childhood and adolescence; promotes and supports development; protects against illness symptoms and duration; improves IQ and visual acuity scores; lowers cancer rates; decreases cavities and the likelihood of braces; improves premature infants' health; and significantly reduces health care costs.

For mothers: decreases the likelihood of ovarian and breast cancers; reduces the risk of osteoporosis and long-term obesity; increases bonding between mother and child; and significantly reduces the incidence of child neglect.

National WIC Association

Emphasizing the Importance of breastfeeding in WIC – To emphasize breastfeeding support and promotion as an integral part of nutrition education ***NWA Recommends:*** *Adding "breastfeeding support and promotion" to each citation related to WIC for nutrition education in the Child Nutrition Act of 1966.*

Suggested Language – Revise all paragraphs beginning with Sec. 1786 (a) to read: It is, therefore, the purpose of the program authorized by this section to provide, up to the authorization levels set forth in subsection (g) of this section, supplemental foods and nutrition education, "breastfeeding support and promotion" through any eligible local agency that applies for participation in the program.

Enhancing a Successful Breastfeeding Initiative – In 2005, Congress set aside monies to fund what has become a successful breastfeeding peer counseling initiative. The funding need exceeds the authorized level. – ***NWA recommends:*** *increasing resources to assure more breastfeeding mothers access to critical breastfeeding support.*

Suggested language – Revise paragraph (10)(B)(iii) of Sec. 1786 (i)(J) to read: "(iii) $40,000,000 shall be used for special nutrition education such as breastfeeding peer counselors and other related activities."

Securing the Purchase of Breast Pumps – In 1999, Congress agreed with **NWA** that the purchase of breast pumps – essential aids for working mothers in providing human breast milk for their infants – should be an allowable use of food funds. Since then, with increasing uncertainties in the economy and unprecedented WIC participation growth, Congress supported the creation of a contingency fund to assist WIC in handling those uncertainties as the end of fiscal year neared. When contingency funds are distributed, USDA prevents their use for the purchase of breast pumps. **NWA** believes this policy is inconsistent with Congressional intent. ***NWA recommends:*** *the allowable use of contingency funds for breast pumps to guarantee breastfeeding mothers the necessary feeding aid to support their breastfeeding choice.*

Suggested language – Revise Sec. 1786 (h)(1)(C)(ii) Breast Pumps.—A State agency may, "without restrictions," use amounts available under clause (i) for the provision of breast pumps needed to serve participants.

To protect breastfeeding by new mothers, to provide for a performance standard for breast pumps, and to provide tax incentives to encourage breastfeeding opportunities in the workplace – ***NWA recommends:*** *passage and enactment of H.R. 2236, The Breastfeeding Promotion Act.*

- ***Protecting WIC Cost Containment***

Preserving the Integrity of Infant Formula Cost Containment – WIC's highly successful infant formula cost containment program has saved WIC enormous sums since implementation in 1989 and currently saves WIC $2 billion a year. WIC State agencies obtain significant discounts in the form of rebates from infant formula manufacturers for each can of formula purchased through WIC. In exchange, the manufacturer offering the lowest net wholesale price (manufacturer's wholesale price minus the rebate) is given exclusive right to provide its product to WIC participants in the State for a specified period – generally 3 years.

Prior to 2004, WIC State agencies had the option to form State contracting alliances of varying size to obtain better rebates from infant formula manufacturers. In 2004, Congress limited the size of new contracting alliances to no more than 100,000 infants participating in the alliance as a means of potentially improving competition.

National WIC Association

In 2005, USDA's Economic Research Service (ERS) found that there was no evidence that WIC's infant formula rebate program had resulted in a reduction of the number of infant formula manufacturers, and thereby lessened price competition.

One out of every four participants in the WIC program (i.e., almost 2 million people per month in fiscal 2000) was able to do so because of State agencies' use of rebate money to offset food costs – money that would otherwise require appropriation.

To assure the continued viability of this highly successful cost containment system, ***NWA recommends:*** *State WIC agencies have the option to form contracting alliances without limits on the number of participants.*

Suggested language – delete paragraph (8)(A)(iv) Size Of State Alliances.—(I) and paragraph (8)(A)(iv)(II) Addition Of Infant Participants..

Eliminating Separate Solicitations for Milk-Based and Soy-Based Infant Formula – Evidence no longer warrants the continuation of this element of infant formula contracting practice. All US manufacturers now produce both soy-based and milk-based formula products. For these reasons ***NWA recommends:*** *that paragraphs (h)(8)(A)(vii) Separate Solicitations and paragraph (h)(8)(F)of Sec. 1786 be deleted.*

- ***Assessing the Effects of Nutrition Services***

Providing for Innovation, Data Collection, and WIC Outcomes Research – To support rigorous research and evaluation documenting WIC's continued success – ***NWA recommends:*** *flexible use of Special Project Grants funds, State WIC funds and other grant resources for health outcomes research and evaluation to identify effective nutrition education and breastfeeding promotion and support services, to test innovative service delivery and food prescriptions, and to support USDA's partnership with* ***NWA*** *to achieve WIC sensitive research and evaluation objectives.* **NWA urges Congress to provide $5 million to support updated rigorous health outcomes research and evaluation** documenting WIC's continued success.

As the nation's premier public health nutrition program, WIC is a cost-effective, sound investment – insuring the health of our children.

Love them lots. Feed them well!
Your child has you. And you have WIC!

WIC For A Healthier, Stronger America!

NWA's mission: providing leadership to promote quality nutrition services; advocating for services for all eligible women, infants, and children; and assuring the sound and responsive management of WIC.

Please direct all questions to NWA at 202-232-5492.

27 February 2009

Written Testimony to the Agriculture, Nutrition and Forestry Committee

U.S. Senate

Hearing on Improving Nutrition for America's Children in Difficult Economic Times

March 21, 2007

Submitted by

The Oregon Hunger Task Force

We appreciate the opportunity to join our colleagues in discussing the important issue of Child Nutrition Reauthorization. The Oregon Hunger Task Force was created by the State Legislature in 1989 (ORS 458.532) to collaborate with state agencies, businesses, non-profits, public officials and local communities to end hunger in Oregon. Working with partners throughout Oregon, the Task Force promotes community awareness, compiles research, develops proposals for government action and conducts outreach to expand participation in Federal Nutrition Programs.

The reauthorization of child nutrition programs represents a tremendous opportunity to improve the effectiveness of these programs. Our nation's children need stronger child nutrition programs in order to thrive physically and mentally, learn in school and after-school programs, and grow up to reach their full potential. By ensuring all children have adequate food where they live, learn and play, we will truly be feeding our future.

This written testimony is submitted on behalf of the Oregon Hunger Task Force to be included in the record, as a part of the Senate Agriculture Committee's March 4th 2009 hearing on Improving Nutrition for America's Children in Difficult Economic Times.

During the hearing there were several questions posed by committee members, specifically two questions regarding effectiveness of out-of-school feeding programs such as the Summer Food Service program. We are responding to these questions with information from our experience working with federal child nutrition programs in

Oregon. Much like Ms. Lucy Nolan, who testified at the hearing, we have worked to increase participation in both summer and afterschool feeding programs through outreach to families and by expanding the number of meal sites where children are able to get food. Over the past 6 years, and partly as a result of our work, the number of federally funded summer meals served in Oregon has increased by 67%, though we are still only serving 30% of our students who eat a free or reduced price meal during the school year.

Outreach and community engagement are a vital part of increasing this program's effectiveness in reaching eligible children. During the hearing, Senator Harkin noted the role that organizations such as the YMCA could provide in offering activities along with meals, and asked, "How do we somehow link the program to activities the local community already has?" Anti-hunger advocates across the country have recognized this connection and have worked with community-based organizations to link them to federal nutrition programs, engaging the larger community and expanding outreach to families with children. In Oregon, the YMCA *is* involved in feeding programs, as are the Boys & Girls Clubs, Libraries, Parks and Recreation Departments and numerous other community programs. But many of these linkages exist because advocates, dependant on private funding, have played a key role in facilitating the connections. The same is true regarding outreach tools such flyers, banners, lawn signs and other creative forms of outreach that have been developed and paid for by advocates, to help raise awareness of these under-utilized programs. To realize the full potential of both the Summer Food Service Program, as well as the "At-Risk" Afterschool Meals and Snacks programs, outreach needs to be recognized as an essential component of program success, and funding be made available similar to that of the Food Stamp (SNAP) Outreach dollars which are currently available for a variety of outreach activities.

We would also like to respond to an issue raised by Senator Casey in his closing statement asking for "recommendations on how to make the Summer Food program more effective in rural areas." Transportation is often sited as the largest barrier to feeding rural children during the summer. In Oregon, over 22% of our population lives in rural areas, according to the USDA, and these areas show higher rates of unemployment and poverty. Reimbursement for summer meals is frequently not sufficient to cover transporting them to feeding sites in many rural areas. To address this issue, Congress provided $4 million to establish Rural Transportation Grants for the Summer Food Service Program through the Child Nutrition and WIC Reauthorization Act of 2004. In 2005, the Food and Nutrition Service (FNS) conducted a competitive grant process and awarded grants to service institutions in five states including Mississippi, New York, Oregon, Texas and West Virginia. The funds were used to increase participation at congregate feeding sites through innovative approaches to overcoming limited transportation resources in rural areas.

One such awardee, Jefferson County School District in Oregon, was able to establish 6 new summer meal sites. For the first time, this School District was able to service the Confederated Tribes of the Warm Springs Indian Reservation. Program operators drove over 100 miles a day and served a total of 7,492 meals over 39 days during the summer in 2008. According to Patti Jobe, Food Service Director for the school district "The

reservation is comprised of rolling hills, sage brush, wild horses and many miles between neighborhoods. The Rural Transportation Project grant enabled us to touch many young lives. If the grant were not available, there wouldn't have been extra dollars to spend on a bus lease, equipment (coolers, tarps etc.), staff, and especially fuel. Without the lease of the bus we would have not been able to serve all the neighborhoods on the Warm Springs Indian Reservation due to the amount of space that was required for coolers, tarps, etc., and the distance between all the sites that we served. Currently, due to the school district's budget deficit it is almost certain that we would not have been able to run this program without the grants."

The USDA Rural Transportation Grant expired in 2008, and due to the worsening economy, the Jefferson County School District will not be able to serve meals to children at those 6 rural sites without additional funding. We know that children will go hungry this summer without that support. We strongly urge Congress to reestablish the grant during the upcoming Reauthorization, and if possible through legislative means, allow for unexpended emergency Rural Transportation funding that was left over from the pilot grant be available for 2009 Summer Food Service Programs to ensure program continuity. It is our understanding that 1 million dollars remains from the previous grant cycle, and this funding, if dispersed quickly, would ensure thousands of children living in rural, hard-hit communities had access to at least one nutritious meal a day this summer. It would also provide a quick economic stimulus to school districts and their communities, which would immediately benefit from the expenditure of such funds on transportation and staffing costs.

Oregon is facing a dire economic picture, with 10% unemployment. We have lost tens of thousands of jobs and we know it is taking a significant toll on families with children. We have been ranked #3 in the nation by the USDA for a high percentage of households that are experiencing very low food security, or hunger. Our state has already made cuts to human services and will need to make further reductions over the next biennium. Oregon families are relying on the federal child nutrition programs more than ever. Your support is critical for preventing childhood hunger and the devastating impact it has on their health and their future.

If you have questions about this testimony or would like additional information, please contact Patti Whitney-Wise at 503-595-5501. Thank you for your consideration.

QUESTIONS AND ANSWERS

MARCH 4, 2009

Questions for the Record – Chairman Harkin
March 4, 2009 child nutrition hearing

QUESTIONS FOR KATE WILSON

COST OF PRODUCING A SCHOOL LUNCH
In your testimony to the committee, you indicated that an internal School Nutrition Association survey found that the cost of producing a reimbursable lunch for this school year, $2.92, was 35 cents less than the federal reimbursement for a free lunch. The testimony of Ms. Bartlett concluded the opposite with respect to reported costs, finding that revenues received for the purpose of providing reimbursable lunches exceeded the costs of producing those meals.

Under questioning during the hearing, Ms. Bartlett suggested that one of the reasons for the varying conclusions pertains to different methodologies for allocating costs. Could you please provide additional information on SNA's methodology for determining its cost figure of $2.92, the rationale for that methodology, and if possible provide specific details or examples to help the committee understand how the methodology led to a different conclusion than that of Dr. Bartlett. In particular, since SNA's cost figure is based on data collected from a survey instrument that is distributed to selected school food authorities, are there any instructions or guidance given to survey respondents as to what costs they should include in the figures that are reported to SNA?

NON-REIMBURSABLE MEALS
Similarly, with respect to non-reimbursable meals, there were significant differences in the testimony. Ms. Barlett testified that the School Lunch and Breakfast Cost Study found that, while "revenue from reimbursable meals exceeded the reported cost of producing those meals by an average of 15 percent....Revenues from nonreimbursable meals fell short of the cost of producing those meals by an average of 29 cents," indicating that funds from reimbursable meals may well be subsidizing the production costs of nonreimbursable meals. In contrast, you testified that the inadequacy of federal reimbursements for reimbursable meals necessitates the reliance of school food authorities on competitive foods, the revenue of which offsets inadequate federal reimbursements.

Given the variance in testimony provided, the Committee would appreciate your assistance in understanding the reasons for the differences. Any insights or assistance that you could provide that would help the Committee to better understand the reasons for the differing conclusions reached in the testimony provided or other information that may be useful to the Committee in understanding these important issues would be much appreciated.

QUESTIONS FOR SUSAN BARTLETT

Ms. Bartlett:

The testimony that you provided to the Committee differed significantly from that provided in the testimony of Dr. Wilson in several key respects.

COST OF PRODUCING A SCHOOL LUNCH

In her testimony to the committee, Ms. Wilson indicated that an internal School Nutrition Association survey found that the cost of producing a reimbursable lunch, $2.92, was 35 cents less than the federal reimbursement for a free lunch. Your testimony concluded the opposite – finding that, by and large, revenues received for the purpose of providing reimbursable lunches exceeded the costs of producing those meals.

Under questioning during the hearing, you suggested that one of the reasons for the varying conclusions pertains to different methodologies for allocating costs. Could you please provide additional information on your methodology for allocating costs, the rationale for this methodology, and provide specific details or examples that help the committee to understand how the methodology led to a different conclusion that that of Dr. Wilson. In addition, any additional information pertaining to school district indirect cost rates that you can provide to the Committee would be useful in helping the Committee to understand the manner and extent to which indirect costs are charged to school food service accounts.

NON-REIMBURSABLE MEALS
Similarly, with respect to non-reimbursable meals, there were significant differences in the testimony. You testified that the School Lunch and Breakfast Cost Study found that, while "revenue from reimbursable meals exceeded the reported cost of producing those meals by an average of 15 percent....Revenues from nonreimbursable meals fell short of the cost of producing those meals by an average of 29 cents," indicating that funds from reimbursable meals may well be subsidizing the production costs of nonreimbursable meals. In contrast, Ms Wilson testified that the inadequacy of federal reimbursements for reimbursable meals necessitates the reliance of school food authorities on competitive foods, the revenue of which offsets inadequate federal reimbursements.

Given the variance in testimony provided, the Committee would appreciate your assistance in understanding the reasons for the differences. Any insights or assistance that you could provide that would help the Committee to better understand the reasons for the differing conclusions reached in the testimony provided or other information that may be useful to the Committee in understanding these important issues would be much appreciated.

QUESTIONS FOR KEN HECHT

CHILD AND ADULT CARE FOOD PROGRAM

In your testimony you propose nutrition requirements in addition to the USDA meal patterns. How do you see these additional requirements conforming with existing meal standards? Are the requirements that you have proposed likely to add to the cost of the program, either for child care providers or for the federal government?

You also mention the need for improve access to and enrollment in the Child and Adult Care Food Program. Do you have specific suggestions as to how this might be done? Are there avenues to accomplish this that take advantage of the screening required for other means-tested assistance programs?

One of the issues that is continually brought before the Committee is the heavy paperwork burden associated with the Child and Adult Care Food Program. Do you have suggestions regarding ways to simplify and streamline administration of, and reduce paperwork in, CACFP?

NATIONAL SCHOOL LUNCH PROGRAM

Many other federal means-tested programs have worked hard to modernize and to utilize automated systems for functions such as program enrollment. However, the National School Lunch and School Breakfast Programs continue to use paper applications. Do you have suggestions regarding how we might use means other than paper applications to enroll children in the National School Lunch and School Breakfast Programs? If so, what are the challenges as well as the advantages of such alternative means?

Questions for Committee on Agriculture, Nutrition and Forestry Hearing
On Improving Nutrition for America's Children in Difficult Economic Times
March 3, 2009
Questions for the Record
Senator Lincoln

National School Lunch

1. With the concern over obesity among school children, what do you think is a reasonable competitive food policy for schools, particularly for middle and high schools?

2. I heard yesterday from the Arkansas school nutrition delegation that there has been an increase in children who do not qualify for free meals, but can't afford to pay for meals. Is that a concern in your school district and how does your school district deal with it?

Healthier US School Challenge (Connie Boldt)

Healthier US School Challenge is a USDA initiative to improve the health status of children in elementary schools by setting health and nutrition standards for schools. Schools receive bronze, silver, gold or gold with distinction certification based on how successful they are in meeting those standards.

1. What is the percentage of paid (not free or reduced-price) meals in your school district?

2. You said that your budget has suffered since you began serving healthier meals. How much more than the free meal reimbursement does it cost to produce a meal?

3. Do you think a similar effort would work at the middle school or high school level?

4. How much of your commodity allotment do you get in fresh produce?

School Breakfast Program

1. Why do you think schools are resistant to implementing a school breakfast program?

WIC (David Paige)

1. Do you know the reason for the correlation between poor breastfeeding initiation and low-income?

2. How would we "enhance outreach" for WIC? What would be the most effective way to make contact with these women?

Child and Adult Care Food Program (Kenneth Hecht)

1. We've heard the school nutrition administrators say that nutritious meals cost more to make, and you're recommending a higher reimbursement for CACFP meals and snacks. How much more do nutritious CACFP meals cost to make than the current reimbursement provides?
2. Child care administrators, particularly those running family day care homes, are often doing the best that they can with the few resources that they have. How can we reconcile the tightening of nutrition standards with simplifying program administration?

Summer Food Service Program

1. Transportation is a barrier to implementing summer programs in rural areas. Do you have any suggestions on how to get food to children in those areas?

Senate Committee on Agriculture, Nutrition & Forestry
Improving Nutrition for America's Children in Difficult Economic Times
Questions for the record
Dr. Susan Bartlett
March 4, 2009

Senator Tom Harkin

The testimony that you provided to the Committee differed significantly from that provided in the testimony of Dr. Wilson in several key respects.

Cost of Producing a School Lunch

1. *In her testimony to the committee, Ms. Wilson indicated that an internal School Nutrition Association survey found that the cost of producing a reimbursable lunch, $2.92, was 35 cents less than the federal reimbursement for a free lunch. Your testimony concluded the opposite – finding that, by and large, revenues received for the purpose of providing reimbursable lunches exceeded the costs of producing those meals.*

   Response: Our study found that across SFAs, the mean **reported** cost (costs charged to SFA budgets) of producing reimbursable lunches during School Year (SY) 2005-06 was $2.36. At that time, the USDA subsidy for a free lunch was $2.51 (including cash reimbursements plus $.175 in entitlement commodities), or $.15 more than the costs. In contrast, the mean reported cost of producing reimbursable breakfasts was $1.92, compared to the severe need reimbursement rate of $1.51. Thus, the reimbursement for breakfast was $.41 less than the cost of production. Taken together, SFA revenues from reimbursable meals exceeded the cost of producing those meals by 15 percent on average. However, in 25 percent of school districts, costs of reimbursable meals exceeded revenues from those meals.

   The study also took a broader perspective on costs and calculated the **full** cost of producing meals, which includes reported costs and unreported costs. The unreported costs are those costs incurred by the school district in support of SFA operations, but not actually charged to SFAs. Districts vary in which costs are reported and which are unreported. Examples of unreported costs include: secretarial labor to distribute and process applications for free/reduced price meals; teacher and custodian labor to supervise students and clean up cafeterias; depreciation on foodservice equipment; and indirect costs for the applicable share of utilities and administrative support. Examining full costs, the costs of producing both reimbursable lunches and breakfasts exceeded the USDA subsidies. Revenues from reimbursable meals were, on average, 92 percent of the full cost of producing those meals.

2. *Under questioning during the hearing, you suggested that one of the reasons for the varying conclusions pertains to different methodologies for allocating costs. Could you please provide additional information on your methodology for allocating costs, the rationale for this methodology, and provide specific details or examples that help the committee to understand how the methodology led to a different conclusion that that of Dr. Wilson. In addition, any additional information pertaining to school district indirect cost rates that you can provide to the Committee would be useful in helping the Committee to understand the manner and extent to which indirect costs are charged to school food service accounts.*

Response: Methodology. The objective of the study was to estimate the costs of producing reimbursable lunches, reimbursable breakfasts, and nonreimbursable meals. The direct cost of producing these meals includes the food and labor used. We estimated food costs by identifying and pricing the food used during a 5-day period in each sampled school, and by observing the items taken by a sample of students who obtained reimbursable meals. We estimated direct labor costs by conducting interviews with kitchen and SFA managers to determine the time spent by staff members on different meal production activities.

In addition to these direct meal production costs, there are various types of ***overhead costs*** of producing meals that cannot be readily identified with a specific meal. These costs generally include: the salary of the SFA director and other central office staff; kitchen equipment and depreciation; food warehousing and transportation expenses; costs of facilities; and supplies. (School district level indirect costs, discussed below, are also a type of overhead cost.)

The issue is then how these overhead costs should be allocated to the production of various types of meals. The methodology used in this study allocated these overhead expenses to reimbursable lunches, reimbursable breakfasts, and nonreimbursable meals in proportion to their direct production costs (i.e. food and labor). This methodology follows Generally Accepted Accounting Principles (GAAP), which require that overhead expenses should be allocated to each "product" in a practical and fair manner. The allocation should be in proportion to a factor(s) that serves as a proxy for the resources used in each product. In addition, the proxy must have face validity. Based on these considerations, the School Lunch and Breakfast Cost Study-II (SLBCS-II) allocated overhead expenses to reimbursable lunches, reimbursable breakfasts, and nonreimbursable meals in proportion to the relative amount of food and labor expenses used in the various meals.

The cost allocation methodology used in SLBCS-II was first developed and pilot tested by Abt Associates in 1989 for the Food and Nutrition Service (FNS) in USDA. Under contract to FNS, Abt used this methodology to conduct the first nationally-representative school meals cost study (SLBCS-I) during SY 1992-93. SLBCS-II utilized this same methodology. Based on its repeated use of the methodology, USDA has judged that it is the most appropriate method for calculating the costs of preparing school meals. The

methodology was further validated in a meeting with the National Association of School Budget Officers held in 1994, in which the budget officers present at the meeting agreed with Abt's methodology for allocating overhead costs.

In this meeting, the School Nutrition Association took exception to the methodology Abt used, arguing that all overhead costs should be allocated to reimbursable lunch production. As a result, SNA argued that reimbursable lunches cost more to produce than the USDA subsidy and competitive foods were needed to generate the revenue necessary for SFAs to break even. Their argument was based on the notion that while all schools have lunch programs, not all schools have breakfast programs and thus the cost of the breakfast program should be the additional (or marginal cost) of adding a breakfast program to the existing lunch program (and thus the lunch program bears all the overhead costs). Such an allocation would not be consistent with GAAP, as discussed above. Since the SNA testimony did not provide specific information on the methodology used to derive their costs estimates, we cannot say with certainty why their findings differ significantly from Abt's findings. However, it seems likely that much of the difference lies in the allocation of overhead costs as the allocation of the direct costs (food and labor) is relatively straightforward.

School district indirect cost rates. Overhead or indirect costs occur at two levels when examining the costs of producing school meals. The first are non-production costs that occur at the SFA level and appear on the SFAs expense statement (examples are discussed in detail above). The second are indirect costs that occur at the school district level. SFAs often use a variety of resources that are provided by the school district, including: administrative or support functions (e.g. payroll processing), facilities, equipment and supplies (e.g. transportation, custodial services); and employee benefits. One common way that these indirect costs are distributed to benefiting activities is through the use of indirect cost rates.

An indirect cost rate is the ratio of an organization's (in this case the school district) indirect costs to its direct costs, computed for the purpose of allocating indirect costs to grants and programs operated by the organization. The Office of Management and Budget Circular A-87 sets guidelines for which indirect costs are allowable to be allocated to grants and programs receiving Federal funds; individual programs may have additional restrictions. U.S. Department of Education regulates the allocation of indirect costs pool by school districts to its grants and oversees the role of State Education Agencies (SEAs) in setting the methods by which school districts compute and use indirect cost rates. SEAs generally specify the types of indirect and direct costs included in the computation of school district indirect cost rates.

Our study found that while nearly all school districts (95 percent) had an indirect cost rate that could be applied to foodservice, most school districts (79 percent) did not calculate the indirect costs attributable to the SFA (and no indirect costs were reported on the SFA's expense statement). Sixteen percent of all school districts calculated the indirect costs attributable to the SFA and reported some or all of the indirect costs attributable to foodservice. Thus, less than one-fifth of all SFAs were charged for any district-level indirect or overhead expenses.

Non-Reimbursable Meals

3. *Similarly, with respect to non-reimbursable meals, there were significant differences in the testimony. You testified that the School Lunch and Breakfast Cost Study found that, while "revenue from reimbursable meals exceeded the reported cost of producing those meals by an average of 15 percent....Revenues from nonreimbursable meals fell short of the cost of producing those meals by an average of 29 cents," indicating that funds from reimbursable meals may well be subsidizing the production costs of nonreimbursable meals. In contrast, Ms Wilson testified that the inadequacy of federal reimbursements for reimbursable meals necessitates the reliance of school food authorities on competitive foods, the revenue of which offsets inadequate federal reimbursements.*

   Response: In our study during SY 2005-06, we found that across SFAs, revenues from reimbursable meals exceeded the **reported** cost of producing those meals by an average of 15 percent. In contrast, revenues from nonreimbursable meals were less that the cost of producing those meals by an average of 29 percent.

   Examining **full** costs, SFA revenues were less than costs. Revenues from reimbursable meals fell short of the cost of producing them, with an average revenue to cost ratio of 92 percent. Similarly, revenues form nonreimbursable meals were less than costs, with an average revenue to cost ratio of 61 percent.

4. *Given the variance in testimony provided, the Committee would appreciate your assistance in understanding the reasons for the differences. Any insights or assistance that you could provide that would help the Committee to better understand the reasons for the differing conclusions reached in the testimony provided or other information that may be useful to the Committee in understanding these important issues would be much appreciated.*

   We believe that the main factor leading to the different conclusions is the different methodologies used for allocating overhead costs, as discussed in detail in response to Question 2. We also note that SLBCS-II used direct observation to determine the composition of the average reimbursable breakfast and lunch. This method avoids the potential error of assuming that every child takes all four breakfast components and all five lunch components (or their equivalent in nutrient-based menu systems). Such an assumption would lead to an overestimate of the cost of food for reimbursable lunches and breakfasts.

   The overall objective of the SLBCS-II sample design was to estimate the mean reported cost of producing reimbursable meals. In order to achieve this objective, SLBCS-II used a nationally-representative sample of schools and as a result, accurately reflects costs during SY 2005-06. Costs have risen in the past few years, and USDA reimbursements are adjusted annually to reflect changes in the Consumer Price Index. In these difficult economic times, when state and local budgets are stretched, school districts may be less

able to provide in-kind or other subsidies to school food service, and thus may require that SFAs bear additional overhead costs. If these changes occur, we would expect to see changes in overall revenue to cost ratios. However, we do not expect that these changes would affect our overall conclusions that revenues from reimbursable lunches subsidize both reimbursable breakfasts and nonreimbursable meals.

Senate Committee on Agriculture, Nutrition & Forestry
Improving Nutrition for America's Children in Difficult Economic Times
Questions for the record
Mrs. Connie Boldt
March 4, 2009

Senator Blanche Lincoln

National School Lunch

1. With the concern over obesity among school children, what do you think is a reasonable competitive food policy for schools, particularly for middle and high schools?

The following is what our school district implemented in our wellness policy for food service ala cart to be effective in 2006-2007
Max 40% calories from fat
Max 10% calories from saturated and trans fats combined
Max 38% of its weight from added sugar
Max 300 mg of sodium per serving for chips, cereals, crackers, baked goods and other snack items
Max 550 mg of sodium per serving for pastas, meats and soups
Max 1000 mg of sodium for pizza, sandwiches and main dishes
To offer at least 2 fruits/vegetables on the ala cart line
In 2008-2009 it was to be changed to
Max 35% calories from fat
Max 10% calories from saturated and trans fats combined
Max 35% of weight from added sugar
Max 230 mg of sodium per serving for snacks
Max 480 mg of sodium per serving for pastas, meats and soups
Max 600 mg of sodium per serving for pizza, sandwiches and main dishes
To offer at least 2 fruits/vegetables on the ala cart line

Our policy also limited ala cart sales to water or seltzer water without added caloric sweeteners; fruit and/or vegetable juices (must contain 100% juice with no additional caloric sweeteners); and reduced or low fat milk or fat-free milk.

What do I think? Phasing in the policy gave it the most opportunity for success. It gave time for customer acceptance. It gave time, administratively, to read labels, make changes and find new products. Also it gave manufacturers a "heads up" as to what the needs would be for product and packaging. The guidelines did limit the numbers items that qualified and it did impact the profit margin. Our profits were cut in about half that year.

I heard yesterday from the Arkansas school nutrition delegation that there has been an increase in children who do not qualify for free meals, but can't afford to pay for meals. Is that a concern in your school district and how does your school district deal with it?

I have seen that families on reduced status do tend to have a negative balance. In the past, they eventually got paid. I do have a concern this year because of the increase in negative balances at all income levels that it may not come out that way.
On a daily basis we send home balance letters with the elementary students. In middle and high school we send letters with the students, send them in the mail and make phone call when necessary.

Healthier US School Challenge

Healthier US School Challenge is a USDA initiative to improve the health status of children in elementary schools by setting health and nutrition standards for schools. Schools receive bronze, silver, gold or gold with distinction certification based on how successful they are in meeting those standards.

2. What is the percentage of paid (not free or reduced-price) meals in your school district?
   60.89% PAID

3. You said that your budget has suffered since you began serving healthier meals. How much more than the free meal reimbursement does it cost to produce a meal?

   My statement was made with food cost comparisons and miscellaneous outside information. At the time I had not seen a profit/loss statement for 2006-2007 or 2007-2008. The food costs I was comparing are as follows:

	Traditional	W/G
Corn dogs (ea.)	$.493	$.599
Flour (#)		
All-purpose	$.2786	
Whole-wheat		$.3118
Whole-grain		$.4258
Rice (#)		
White	$.889	
Brown		$1.066
Commercially Baked bread (oz.)	$.045	$.054

   To answer the question, in 2007-2008 our cost to produce a meal was $2.34 or $.23 less than the free meal reimbursement. Please be sure to note however, that the food service has $0 deducted for indirect costs.
   Also, our labor costs are low. We have 27 employees, of which 7 earn under $8.00 an hour and 12 earn between $8-$9.00 an hour. Of the 27 only 5 receive any health benefits

and an additional 8 receive any dental coverage. The food service director is the only full-time employee.

4. Do you think a similar effort would work at the middle school or high school level?

   Yes, I do. I think we would qualify now except for the competitive foods. Regulations need to be on all foods, including fundraising and vending, not just food service ala cart.

5. How much of your commodity allotment do you get in fresh produce?
   $0

School Breakfast Program

6. Why do you think schools are resistant to implementing a school breakfast program?
   If I understand from others, it is a financial challenge. This in turn, comes down to participation.

Senate Committee on Agriculture, Nutrition & Forestry
Improving Nutrition for America's Children in Difficult Economic Times
Questions for the record
Mr. Kenneth Hecht
March 4, 2009

Senator Tom Harkin

Child and Adult Care Food Program

1. **In your testimony you propose nutrition requirements in addition to the USDA meal patterns. How do you see these additional requirements conforming with existing meal standards? Are the requirements that you have proposed likely to add to the cost of the program, either for child care providers or for the federal government?**

   As the CACFP meal currently exists, there is little by way of nutrition standards by which to govern which foods in which forms can and cannot be served. For example, a fresh apple is an acceptable food with which to satisfy the fruit/vegetable, but so, too, are French fries. Thus, there is considerable room to promote healthier eating *within* the current meal pattern. Limiting French fries or limiting the fat content of milk, for instance, are two nutrition standards that do not change the meal pattern. They apply stronger nutrition standards to the existing meal pattern, strengthening the nutrition program's capacity to play a role in obesity prevention.

   The standards that I have proposed in my testimony do not, with one exception, incur additional cost either for providers or for the federal government. As my written testimony says, in Recommendation 1, starting on page 4, serving more fresh fruits and vegetables does carry additional cost, but the other 6 items listed on page 5 do not. We have reached this conclusion based both upon a small store-by-store study and upon the work of a statewide stakeholders group convened by the California Department of Education's Nutrition Services Division in 2008 to develop recommended nutrition improvements in CACFP – and to determine the estimated cost, if any, of each recommended change.

   It also is noteworthy that the recommendations in my testimony are consistent with those implemented by USDA in developing the new WIC food package. These recommendations came with the imprimatur of the Institute of Medicine, whose study provided the basis for USDA changes. There are obvious benefits from the two programs' (that serve the same population) joint embrace of common nutrition standards and the reinforcing nutrition education messaging thereby permitted.

2. **You also mention the need for improve access to and enrollment in the Child and Adult Care Food Program. Do you have specific suggestions as to how this might be done? Are there avenues to accomplish this that take advantage of the screening required for other means-tested assistance programs?**

   In light of the nation's keen interest in obesity prevention, particularly as an essential building block in the development of health care reform, expansion of participation in CACFP -- a resource for better nutrition quality and federal reimbursement to help pay for it – seems extremely important. Fortunately, there are a variety of ways to achieve this:

   - Automatic enrollment upon acceptance of a child's family or any family member into SNAP, TANF, WIC or any of the federal child nutrition programs.
   - Area eligibility for child care centers, either by reference to nearby elementary schools or by reference to reliable census data or other demographic information.
   - Reducing area eligibility from the current 50 percent threshold to 40 percent. (See discussion under the Summer Food Service Program answer to Senator Lincoln's question below.)
   - Requiring state administering agencies or their designee to serve as sponsor of last resort for family child care homes that may be located in an area of the state where there are no sponsoring agencies. Otherwise, entirely eligible children and their families are denied the benefits of CACFP solely as an accident of their residence.

3. **One of the issues that is continually brought before the Committee is the heavy paperwork burden associated with the Child and Adult Care Food Program. Do you have suggestions regarding ways to simplify and streamline administration of, and reduce paperwork in, CACFP?**

   This is an extremely important concern, as administrative burdens generally and paperwork burdens in particular have been identified as major complaints by sponsors and providers leaving CACFP and by agencies unwilling to apply in the first place, agencies thus deciding to forego the federal reimbursement. In California, the administrative burden has been blamed for the state's precipitous drop in sponsoring organization and in Tier 2 homes.

   Comprehensive and perceptive treatment of this collection of issues is contained in the letter dated October 15, 2008, to Robert Eadie at USDA Food, Nutrition and Customer Service, in Alexandria, presenting reauthorization recommendations on behalf of the National CACFP Sponsors Forum, The Sponsors Association and CCFP Roundtable. Perhaps the most conspicuously excessive barriers include:

   - The block claiming requirement, which, as the above–referenced letter states, "lacks specificity [as] it identifies and funnels a large portion of false positives (legitimate claims) into higher intensity oversight, overwhelming other effective systems of control."
   - The five-day reconciliation requirement, which penalizes minor aberrations and major transgressions alike.

Congress should direct USDA to continue the Paperwork Reduction initiative, which ahs been successful.

National School Lunch Program

4. **Many other federal means-tested programs have worked hard to modernize and to utilize automated systems for functions such as program enrollment. However, the National School Lunch and School Breakfast Programs continue to use paper applications. Do you have suggestions regarding how we might use means other than paper applications to enroll children in the National School Lunch and School Breakfast Programs? If so, what are the challenges as well as the advantages of such alternative means?**

The school meals application process is antiquated. It was designed to be a low-tech (perhaps no tech) system that can work in school districts of any size with extremely varied levels of technological capacity. The system relies too heavily on manual eligibility determinations, daily—even meal-by-meal – sorting of children into three income categories, and file cabinets full of paper applications. With a system that takes full advantage of today's technology and sources of information, schools and families would benefit from reduced paperwork, and more entirely eligible children would have easier access to free school meals.

While the paper application process is the norm today and may continue to be the appropriate solution in certain school districts, there is no policy or budget reason to adhere rigidly to an application process that is far from perfect, especially in schools or districts where the vast majority of students qualify for free or reduced price meals. The savings these schools or districts could achieve through a simplified eligibility determination and certification process could fully or partially offset the cost of providing free meals to all children.

Provisions 2 and 3. Schools and districts already have an option — known as "Provision 2" or "Provision 3" — to provide free meals to all students in exchange for using simplified eligibility determination, meal counting, and meal claiming processes. Schools and districts operating under Provision 2 or 3 conduct a paper application process in a "base year" and for the next four or five years or more, in some cases, those initial eligibility determinations are used as a proxy for reimbursement rates.

Abandonment of the paper process, however, presents a challenge to many Provision districts. Provision districts that resumption of paper applications, should that be required, is burdensome to schools or districts that have not routinely conducted an application process. Moreover, the paper application process in the schools reverting to paper applications has been found to be more error-prone than in schools that conduct the paper-based process each year.

Direct certification. Another modernization has simplified the enrollment process for individual children, regardless of where they attend school. To reduce administrative waste and improve the accuracy of the school meal eligibility determination process, the school meal programs use a process known as "direct certification." Under direct certification, children are automatically enrolled for free school meals based on data gathered by other means-tested programs. Typically a data match is conducted to determine which students are receiving means-tested benefits that confer direct certification. Direct certification ensures that children most in need of food assistance get the benefit of free school meals, reduces paperwork for parents and school personnel, and reduces the opportunity for error in the school meals programs.

USDA research indicates that almost all districts are complying with the 2004 Child Nutrition and WIC Reauthorization Act requirement that they conduct direct certification. Nonetheless, many children who could be directly certified still are missing out on this important simplification, and some children are missing out on free school meals all together. States and districts can take steps to improve their direct certification process to reach more eligible children. For example, direct certification matches can be conducted more frequently and the matching process can include steps to overcome typos in data entry.

States should be encouraged to continually improve their direct certification processes and seek innovative solutions to challenges. For example, centralized, computer-based matches are performing much better than single county (or single school district) matches, occasionally done by hand, that may easily overlook children who move from one district to another within the state. A challenge to effective direct certification, then, is a lack of technological expertise or capacity at the district or state level to be sure that the process is conducted as effectively as possible.

Legislative proposals to meet current challenges. Schools and districts should be given more alternatives to paper applications. Policymakers should offer several options. The following legislative proposals would provide an array of options for schools and districts that serve high concentrations of low-income children. Schools and districts of varying sizes and with different operating structures could choose amongst them to find a suitable approach.

Congress should provide USDA authority to offer school districts meal reimbursement based on estimates, derived from socioeconomic data sources, of the number of children who would qualify for free or reduced price meals, in lieu of individual eligibility determinations. Because the actual eligibility of individual students would not be determined, the school or district would serve all meals free. If the cost of the meals exceeded the reimbursements, the school or district would have to make up the difference, using funds from sources other than the National School Lunch Program or the School Breakfast Program. In exchange, the school or district would benefit from the administrative savings of not having to distribute and process paper applications and not having to track individual eligibility in the cafeteria. Schools would benefit from reduced paperwork. Parents would be relieved of having to complete an application. Students

would be able to eat without worrying about whether others know that they receive free or reduce price meals. Taxpayers would benefit because this method of estimation would be free of individual determinations and the risk that some of them will be inaccurate – a key concern noted in USDA's APEC study, released in December 2007. Moreover, participation would expand, generating economies of scale and increasing students' utilization of the healthy school meals programs in place of relying on fast food and other less healthy alternatives. Schools that use different data sources should be evaluated at reasonable intervals to ensure program integrity is maintained.

Allow states or school districts to use Medicaid data to directly certify children whose family income is below 100 percent of the federal poverty level under Medicaid program rules. [Note: The income limit as a percent of the federal poverty level could be adjusted as needed, based on cost estimates.] Current sources of direct certification should be expanded to use available databases that already contain reliable income information from low-income families, such as Medicaid enrollment, to ensure that all low-income students are captured by direct certification and provided NSLP and SBP benefits.

Provide performance awards to states that effectively directly certify a high proportion of children eligible for direct certification or that show significant improvement. The 2002 Farm Bill provided performance awards to states with the best or most improved performance in effective SNAP administration. These awards have helped inspire innovation and reward states that improve their eligibility determination process. A similar system of rewards would be effective with direct certification, as well.

Allow schools or districts that directly certify a high share of students to skip the paper application process. Schools or districts that directly certify a relatively large portion of their student body could be relieved of conducting the paper application process in exchange for serving all meals free. Reimbursements would be based on the share of students directly certified. Providing substantial administrative relief to schools or districts that directly certify a relatively large share of the students, in exchange for serving all meals free, would ease paperwork burdens on high-poverty schools and would ensure that free meals are available to their students.

Improve Provision 2 and 3 so that they work effectively in more schools and districts serving a high proportion of low-income students. Several changes might strengthen the Provisions. Permit a school district's initial request to the state to operate under a Provision to be based, from the outset on district-wide data, not individual school data. Permit any school or district operating under Provision 2 or 3 to establish a single claim rate for the entire district, rather than using a separate claim rate for each school. Permit districts initially to establish Provision 2 or 3 status based on socioeconomic data, thereby eliminating the need to conduct a base year. Simplify meal claims under Provision 2 and 3 by establishing a single claim rate for the full year instead of using monthly claim rates. Permit districts to charge reduced-price and paid students their portion of the meal price throughout the base year, both to encourage submission of applications and to ease the financial disincentives for districts to engage in a base year.

Senator Blanche Lincoln

Child and Adult Care Food Program

1. **We've heard the school nutrition administrators say that nutritious meals cost more to make, and you're recommending a higher reimbursement for CACFP meals and snacks. How much more do nutritious CACFP meals cost to make than the current reimbursement provides?**

   Unfortunately, I cannot answer this important question with any statistical confidence. Fortunately, the Institute of Medicine has been asked to answer this question of cost as it prepares recommendations to improve nutrition quality in CACFP, although this IOM report will not be forthcoming for a number of years. Meanwhile, I can testify that I never have heard a CACFP sponsor or provider say that the current reimbursement, regardless of economies of scale in larger CACFP centers, is adequate for the preparation of meals as nutritious and appealing as the children deserve. (This is not to say that some CACFP providers do not furnish excellent meals, replete with fresh, local foods. But it is extremely difficult and depends upon Herculean efforts from a few remarkable people and organizations.)

   As I am sure the Senator knows, this is a very complicated question. On the one hand, there are clear and convincing statements from nutrition researchers such as Adam Drewnowski at the University of Washington that energy dense (highly caloric) foods are cheaper than nutrient dense foods. But methods of preparation can alter this equation radically – scratch cooking, for example, may be cheaper than heating and serving highly processed foods in which extensive labor costs are built into the price. Similarly, a child care providers willingness and ability to serve legumes, which are inexpensive to purchase but require considerable preparation time, is likely to save money if the alternative is to purchase generally costly cuts of meat. Seasons of the year, cultural preferences and variation in cost from one sector of the country to the next – all complicate answering this question. As do the limitless variations in deciding what constitutes a more or less nutritious meal.

2. **Child care administrators, particularly those running family day care homes, are often doing the best that they can with the few resources that they have. How can we reconcile the tightening of nutrition standards with simplifying program administration?**

   The last thing in the world we want to do is to intensify the administrative burdens that have lost so many participating agencies from CACFP. Therefore the nutrition standards we have recommended be introduced into the program share as criteria simplicity, ease, little or no cost and consensus from a broad group of academicians, nutritionists and child care sponsors and providers that the recommendations are sound and self-evident

improvements. The introduction of nutrition standards into CACFP does not necessarily interfere with administrative simplification. In fact, administrative simplification might release some now wasted resources for the purchase of healthier food. Without these recommended modest steps, CACFP will not be able to contribute significantly to childhood obesity prevention. Given the accelerating severity of obesity among this age group, that would be extremely unfortunate.

Summer Food Service Program

3. **Transportation is a barrier to implementing summer programs in rural areas. Do you have any suggestions on how to get food to children in those areas?**

Food insecurity and hunger are severe in rural California communities, with nearly 34 percent of low-income adults experiencing food insecurity in the predominately rural counties of Fresno, Madera, Kings and Kern. Unfortunately, children's participation in the Summer Food Service Program (SFSP) and National School Lunch Program Summer Seamless Option (NSLP SSLO) is also much lower in these counties than the statewide average of 28 percent of eligible children. Madera County, for example, only feeds summer meals to about 1,000 of the 13,500 or so eligible children, an 8 percent participation rate. Participation rates in Fresno, Kings and Kern counties are only 19 percent, 15 percent, and 17 percent, respectively.

Additionally, 11 of California's rural counties have an average of three school districts in low-income neighborhoods with no open SFSP sites. This means that almost 400,000, or 78 percent, of low- income children living in rural counties in California have no access to a summer meal. Put simply, USDA's child nutrition safety net is not working during summer months for poor Californians living in small towns and remote communities in the state's rural counties. This is a terrible time for these deficiencies to be so prominent, given the stark economic and employment reality in these communities during this harsh recession.

There are three major barriers to providing USDA-funded summer meals in rural areas.

1. There are too few places where youngsters congregate when school is out. Summer school and summer enrichment, recreation and camp programs are the backbone of summer meal service throughout California. Without these programs, there are few adults available to serve meals and few community agencies or schools to administer USDA funds and procure or prepare meals. While volunteers are used in a few locations (for example, sites at apartment buildings), dedicated, paid program staffing is essential to operating a successful SFSP site.

Most problematic is that SFSP sponsoring agencies are unable to afford to offer meals at locations with few daily participants. Economies of scale dictate minimum participation levels to establish food procurement contracts within current reimbursement rates. Enrichment, recreation and camp programs are needed to attract children and teens to meals. Sponsors repeatedly report to CFPA that sites operating solely to distribute meals

are quickly closed because of very low participation. Recent state budget cuts will further reduce the number and duration of summer schools across the state, further shrinking points of service for summer meals, further jeopardizing the viability of SFSP in rural and remote communities.

ACTION STEP: Congress should direct USDA to work with federal agencies that operate programs for children in rural and remote communities during summer months. Those agencies should be made aware that USDA will provide reimbursement so that funding for summer lunches can be built in as a part of operating budgets and grants.

Examples of potential sites include: federally chartered rural community health centers, WIC clinics, community development block grants and department of education enrichment/outside-school-hours programs. These agencies and programs should count on receiving SFSP reimbursement, therefore enabling them to serve meals to program participants. This ought to be implemented without requiring a separate application through their state agency for USDA funds to serve SFSP meals. Evaluation is needed to measure this initiative's impact on participation, costs and program integrity.

2. The costs of preparing, transporting and serving SFSP meals in many rural and remote communities are too high.

CFPA assisted several community agencies operating in rural and remote communities with developing project proposals to apply for USDA SFSP transportation grants in 2005. California was not awarded these funds, but CFPA had the opportunity to learn a great deal about the challenges and costs associated with operating SFSP in these locations. Based on two agencies' estimated participation at the rural and remote sites, the cost of securing adequate transportation equipment and the ongoing subsidy needed to operate SFSP, it was estimated that (even over three summers' meal service) the per-meal costs ranged from $7 to $11 per lunch per day. With SFSP reimbursement at $3.13 and NSLP SSFO at $2.59, it seems unlikely that USDA summer meals can successfully operate in many rural and remote communities that incur enormous start-up and transportation costs, as well as oppressive, ongoing per-meal costs due to the sites' small scale.

It is worth noting that the California Department of Education has offered schools and county offices of education grants to start and expand SFSP and NSLP SSFO sites since 1998. Very few summer lunch applications have been received and very few grants have been awarded over this period, primarily due to the inability of interested agencies to project sufficient participation to operate solvent sites for the three-year commitment required by the state controller's office.

ACTION STEP: Congress should direct USDA to conduct several demonstration projects to test different approaches to delivering nutrition benefits to children and teens in a handful of rural and remote communities.

For example, a seasonal boost in WIC, TEFAP or SNAP should be delivered in a select number of communities to test the ability of other USDA programs to meet summer nutritional needs in rural and remote communities. Exhaustive evaluation is essential to

assess the feasibility of various mechanisms, appropriate benefit levels and impact on food insecurity and obesity.

3. There are needy children living in neighborhoods currently ineligible to host a USDA meal program.

Out of slightly more than 2 million students certified eligible for free and reduced-price breakfast and lunch at school in California, CFPA estimates that 255,000 low-income students attend schools where between 40-49% of students are certified eligible for free and reduced-price school meals. If SFSP and NSLP SSFO sponsors are permitted to operate open sites in these neighborhoods and site availability and participation mirror trends in 50%+FRP neighborhoods, California might eventually serve approximately 45,000 additional lunches each day in July. CFPA estimates that, based on poverty data and current concentrations of enrichment, recreation and summer school programs and staff, most of the additional 45,000 youngsters would be served in suburban communities, and not rural or remote communities, because of the structural deficits in supervised programs in sparsely populated corners of the state.

ACTION STEP: Congress should permit SFSP sponsors to operate open SFSP sites in areas with between 40-49%FRP eligibility.

Senate Committee on Agriculture, Nutrition & Forestry
Improving Nutrition for America's Children in Difficult Economic Times
Questions for the record
Dr. Katie Wilson
March 4, 2009

Senator Tom Harkin

Cost of Producing a School Lunch

1. In your testimony to the committee, you indicated that an internal School Nutrition Association survey found that the cost of producing a reimbursable lunch for this school year, $2.92, was 35 cents less than the federal reimbursement for a free lunch. The testimony of Ms. Bartlett concluded the opposite with respect to reported costs, finding that revenues received for the purpose of providing reimbursable lunches exceeded the costs of producing those meals.

2. Under questioning during the hearing, Ms. Bartlett suggested that one of the reasons for the varying conclusions pertains to different methodologies for allocating costs. Could you please provide additional information on SNA's methodology for determining its cost figure of $2.92, the rationale for that methodology, and if possible provide specific details or examples to help the committee understand how the methodology led to a different conclusion than that of Dr. Bartlett. In particular, since SNA's cost figure is based on data collected from a survey instrument that is distributed to selected school food authorities, are there any instructions or guidance given to survey respondents as to what costs they should include in the figures that are reported to SNA?

   There are a number of differences between the ABT study and the SNA meal cost survey which account for the differences in the testimony presented. The major differences occur in methodology and the time period the data was collected.

   Methodology:
   - Reported vs. Full Costs: Ms. Bartlett's testimony was based on a calculation of only the "reported cost" required to produce a meal during SY 05-06, while SNA's meal cost survey looked at the "full cost" required to produce a meal during SY 08-09. Conditions that our members face have changed in these few years, so SNA believes it is necessary to look at the most recent data.
     - According to the ABT study for SY 05-06, reported costs are those costs that are charged directly to the school food authority (SFA) budget. Reported costs are described as the "costs of running the NSLP and SBP" such as food, labor, supplies, contract services, and indirect charges by school districts.

- The ABT study describes the full cost of producing a meal to include "reported costs" and "unreported costs." The study describes as any costs incurred by the school district in support of school food authority operations. Unreported costs can include such items as salaries, employee benefits, taxes, insurance, and additional indirect costs including administrative functions of accounting, data processing, payroll, personnel, purchasing, storage and transportation, facilities equipment, supplies and services such as energy, communications, transportation, and unreported equipment depreciation. In my experience, working in the school nutrition industry over the last 25 years, the costs the ABT study describes as "unreported," such as employee labor and benefits, have always been charged directly to budget of my SFA.
- While Ms. Bartlett's testimony discussed the mean reported cost per reimbursable meal of $2.36, the ABT study identifies the mean full cost to produce a reimbursable lunch during SY 05-06 as $2.91. SNA's figure is very much in line with the findings of the full cost to produce a meal. The ABT study states "in 68 percent of SFAs the full cost of a reimbursable lunch was more than the USDA subsidy for a free lunch" and "in 82 percent of SFAs the full cost of producing a reimbursable breakfast was greater than the applicable reimbursement rate for a free breakfast."

- SNA Survey Methodology and Objectives:
  - SNA's study objectives were to understand if and how meal costs were increasing for SY 2008/2009 and to understand how school nutrition programs operating in the 500 largest school districts (by enrollment) were dealing with these cost increases. The objective of the ABT study was to determine a national average "reported" and "full" cost to produce a NSLP and SBP meal in SY 05-06.
  - SNA's findings identified a significant increase in meal costs from SY 07-08 to projected meal costs in SY 08-09, but also yielded an average cost to produce a meal, which is consistent with the ABT findings for the full cost required to produce a meal.
  - School districts calculate their per meal costs in different ways based upon their operation and costs. SNA survey respondents were not asked to standardize their per meal cost as this would involve significant time by the survey respondent. The study instead focused on the relative change in meal costs within a district. This assumes that programs are calculating their 2007/2008 per meal cost in the same way they are estimating their 2008/2009 school year cost.
  - Since the SNA survey was conducted in the summer of 2008, school nutrition programs provided estimates of the SY 08-09 meal cost data for the upcoming school year. The SNA survey was conducted prior to the start of the SY 08-09 so that the information could help all school

nutrition programs anticipate how to deal with the rising costs of food, labor and energy.
  - Please see *Heats On: School Meals Under Financial Pressure* SNA's Meal Cost Survey for additional information on the survey findings.

- Time period of data collection:
  - The ABT study represents cost data from SY 2005-2006. The SNA survey represents data collected in the summer of 2008. SFA costs have increased substantially in the last 4 years. SFAs have experienced rising food, labor, benefit and energy costs. The ABT study data was also collected prior to the implementation of the Local Wellness Policy, HACCP requirements, and the requirement for 2 local health inspections per year. All were mandates which have added significant costs to school foodservice programs.

Non-Reimbursable Meals

3. Similarly, with respect to non-reimbursable meals, there were significant differences in the testimony. Ms. Bartlett testified that the School Lunch and Breakfast Cost Study found that, while "revenue from reimbursable meals exceeded the reported cost of producing those meals by an average of 15 percent....Revenues from nonreimbursable meals fell short of the cost of producing those meals by an average of 29 cents," indicating that funds from reimbursable meals may well be subsidizing the production costs of nonreimbursable meals. In contrast, you testified that the inadequacy of federal reimbursements for reimbursable meals necessitates the reliance of school food authorities on competitive foods, the revenue of which offsets inadequate federal reimbursements.

4. Given the variance in testimony provided, the Committee would appreciate your assistance in understanding the reasons for the differences. Any insights or assistance that you could provide that would help the Committee to better understand the reasons for the differing conclusions reached in the testimony provided or other information that may be useful to the Committee in understanding these important issues would be much appreciated.

   Under federal regulation, the sale of competitive foods may be "allowed in the food service area during the lunch period only if all income from the sale of such foods accrues to the benefit of the nonprofit school food service or the school or student organizations approved by the school" (7 CFR 210.11). "Nonprofit school food service means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services" (7 CFR 210.2).

SFAs operate with the objective to produce nutritious, balanced reimbursable meals which meet the needs of all students regardless of income eligibility. All activities within the SFA contribute to the achievement of this goal. To maintain a reimbursable meal program a certain amount of fixed and variable costs are required such as the food, labor, building costs, utilities, and equipment. SFAs operate competitive food programs to supplement revenue received from the reimbursable meal program in order to cover the expenses required for its operation. The difference in the testimony appears to be in the allocation of those types of expenses. Where the SFA identifies the cost of these expenses as attributable to the needs of the reimbursable meal program, the ABT study assigns a percentage of the cost of these expenses to the reimbursable meal program and a percentage to the production of the non-reimbursable meal according to the revenue each program brings in. If you were to look only at the reimbursable meal revenue, you would likely find this revenue to be inadequate to balance all the expenses of the program.

Senator Blanche Lincoln

National School Lunch

1. With the concern over obesity among school children, what do you think is a reasonable competitive food policy for schools, particularly for middle and high schools?

   SNA believes that the same nutrition standards should apply to competitive foods as apply to reimbursable meals. The same standards should apply throughout the school, throughout the day, if we are truly serious about improving child nutrition.

   Please see the attached *Recommended National Nutrition Standards for Items Sold and Served on the School Campus Outside of the Reimbursable Meal.* The recommended standards were developed by the School Nutrition Association in 2008. Middle School and High School students would be appropriate audiences for Tier 1 and/or Tier 2 foods and beverages under these SNA recommendations.

2. I heard yesterday from the Arkansas school nutrition delegation that there has been an increase in children who do not qualify for free meals, but can't afford to pay for meals. Is that a concern in your school district and how does your school district deal with it?

   This continues to be an increasing concern for students in my school district and for school districts across the country. When parents fail to pay for school meals, both the students and the school district are hurt. At a time when food and labor costs are escalating and the economy is down, it becomes even more critical to

receive payment from families for meals provided while at the same ensuring that each child receives the nutrition required to support learning.

In Onalaska schools, we have a school board policy that allows every child in our district to receive a regular, reimbursable meal no matter what a student's parents owe. We have a system to communicate overdue balances with parents. The system begins with e-mail and phone notification, then to letters from my office. If we still receive no response, the school principal or social workers will contact the family.

Since the beginning of the National School Lunch Program in 1946, the School Nutrition Association has consistently advocated that nutritious, balanced school meals should be available to all children at no cost. Currently, the federal law allows schools to deny students a meal if that students' household income is above $39,220 for a family of four (185% of the poverty line) and they do not have the funds to pay. SNA strongly discourages school nutrition programs from denying any student a meal.

School nutrition programs nationally are doing creative things to try to collect the money owed from students who do not qualify for free or reduced meals or who can not afford the $0.40 cent payment for a reduced price meal. Some strategies include extending credit which allows students to charge meals, establishing funds with the help of PTAs and community groups to cover the cost of unpaid lunch bills, or providing balanced alternative meals as a last resort after parents have been repeatedly notified about unpaid lunch bills. The Child Nutrition and WIC Reauthorization bill can help address this issue by eliminating the reduced price fee and adjusting income eligibility guidelines to ensure that working families who are struggling to pay for their children's lunch are able to qualify and participate in their schools meal program.

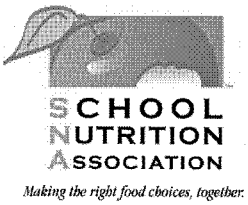
Heats On:
School Meals Under Financial Pressure

An analysis of meal cost changes for 2008/09 school year from 48 school nutrition programs operating in the largest US school districts.

September 2008

Conducted by:

School Nutrition Association



Heats On: School Meals Under Financial Pressure

SNA analyzed information from 48 school nutrition programs that operate in some of the largest districts within the US to understand if and how the costs within these programs have increased due to rising food, energy, and labor expenses. The analysis also focused on what measures these school nutrition programs were taking to cope with increased expenses. The following summarizes the information collected from these school nutrition programs.

School Nutrition Program Demographics:

- 48 school nutrition programs that operate in the largest US school districts provided information related to meal costs. Not all programs provided information on every aspect analyzed. Therefore the number of responses varies depending on the information being analyzed.
- School Nutrition Programs represented all 7 SNA Regions
- Enrollments for all of the districts included in the analysis are above 15,000 students. Note that according to the National Center for Education Statistics the largest 500 school districts by enrollment all had enrollments over 15,000 students.

District and Program Information for the School Nutrition Programs Included in the Analysis (n= 48)			
	Average	Median	Range
Student Enrollment	50,822	30,250	15,619 to 302,000
Free and Reduced Price Eligibility	42%	44%	12% to 72%
Average Daily Lunch Participation as a Percent of Enrollment	57%	55%	10% to 90%

Heats On: School Meals Under Financial Pressure

Meal Costs:

- All of the responding school nutrition programs had experienced an increase in the cost to produce a meal between the 2007/08 school year and the 2008/09 school year. The following table outlines the average reported costs to produce a meal along with how the change in meal costs compares to the reimbursement increase provided by the federal government.

Average Cost to Produce a Meal for School Nutrition Programs *Based on Analysis of Information From 45 School Nutrition Programs that operate in the school districts with the largest enrollments (at least 15,000 students)**			
	Average	Median	Range
Meal Costs for 2007-08 School Year	$2.63	$2.67	$1.15 to $3.72
Estimated Meal Costs for 2008-09 School Year	$2.90	$2.92	$1.50 to $3.87
Change in Cost to Produce a Meal	Increased by $0.27	Increased by $0.25	Increases Ranged from $0.03 to $0.75
What Costs Where Included			
Food Costs	Included in all 43 meal cost calculations		
Non Food Supply Costs	Included in 41 meal cost calculations		
Labor & Benefits Costs	Included in 40 meal cost calculations		
Indirect Costs	Included in 33		
Two programs did not indicate what was included in the meal cost calculations.			
Comparison to Federal Reimbursement Increase The Federal Reimbursement for Free Meals increased by $0.10 for programs with less than 60% free/reduced price students and by $0.12 for programs with 60% or more. The following information compares the change in costs to produce a meal in the 2007-08 school year with the estimated costs to produce a meal in the 2008-09 school year. The categorization of the districts took into account the number of free and reduced price students and special geographic location considerations (i.e. Hawaii).			
Reimbursement Increase is GREATER than the Increase in Cost to Produce a Meal			9%
Reimbursement Increase is SAME as the Increase in Cost to Produce a Meal			11%
Reimbursement Increase is LESS than the Increase in Cost to Produce a Meal			79.0%**
* 5 programs either did not provide cost information or only provide cost information for the 2007-08 school year. These programs were not included in the meal cost analysis. ** 4 programs did not provide information on the number of free/reduced price students. However the increase in costs exceeded both the reimbursement rates. Therefore these districts were included in this category.			
Other Costs: 56% programs are incurring a fuel surcharge on deliveries. Of these programs 19% began incurring fuel surcharges in the 2007-08 school year and an additional 37% will begin incurring these surcharged in the 2008-09 school year.			

- 88% of responding school nutrition programs indicated that the NSLP reimbursement was not sufficient for their program to cover the costs of producing a meal in the 2007/08 school year. Given the increases in costs to produce a meal in 2008/09 this figure is expected to increase for the 2008/09 school year.
- 68% of the responding programs indicated that at the end of the 2007/08 school year their costs will exceed revenue.

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Heats On: School Meals Under Financial Pressure

Additional Sources of Revenue (outside of federal reimbursements):

- 98% of programs generate additional sources of revenue through a la carte sales, 61% through catering programs, and 43% through vending programs 15% also indicated contracting their services out to other programs (such as senior centers, charter schools, etc.)
  - 78% of programs report using these additional sources of revenue to supplement their reimbursable meal program
- Student Meal Prices (full paid category)
  - 73% of programs are increasing prices for students to make up for increased costs (either meal, a la carte, or vending prices). Between 50% and 60% of programs are increasing prices specifically for meals. The following table illustrates the average meal price changes.

Meal Prices for Students in Paid Category n = 46			
	Elementary	Middle School	High School
2007/08 Meal Prices	$1.74	$2.02	$2.11
2008/09 Meal Prices	$1.86	$2.16	$2.23
Percent of Programs that Increased Meal Prices	60%	57%	50%
Magnitude of Meal Price Increase	$0.21 (Average) $0.25 (Median)	$0.24 (Average) $0.25 (Median)	$0.23 (Average) $0.25 (Median)
	$0.05 to $0.50 Range Between 12% to 13% price increase		

Ways School Nutrition Programs are Dealing with Increased Costs:

- Outside of raising meal prices, these school nutrition programs report taking the following steps to help deal with the increased costs.
  - Making Menu Substitutions (75%)
    - Offering fewer choices, reducing portions, watching CN Label, offering more (and sometimes more expensive) a la carte items, not adding any new items to menu, moving to in-house preparation compared to convenience items (e.g. baking pizzas in house), improving quality of products to increase participation, reducing desserts, limiting whole grains, reducing the amount of fresh fruits, replacing fresh fruits with canned, offering less fruit & vegetable variety and lower cost fruit and vegetable options.
  - Decreasing Financial Reserves (69%)
  - Decreasing Labor Force (60%)
  - Freezing/Limiting Travel (53%)
  - Cutting Professional Development (26%)
  - Joining a Purchasing Cooperative (31%)
  - Other steps noted by school nutrition programs include eliminating programs and services, freezing salaries, eliminating the reduced price category, getting reduced indirect cost charges from the district, and getting additional funding from the district and/or state.

Heats On: School Meals Under Financial Pressure

SNA Legislative Recommendations Going Forward:

In an effort to mitigate the rapid increase in the cost of food as well as other costs, the School Nutrition Association recommends the following legislative actions:

1. The National School Lunch Act updates the various reimbursements annually. Given how fast food prices are escalating, by the time the new rates are implemented they are out of date. SNA believes that the statute should be amended to require adjustments twice a year, or every six months.

2. The current index formula is based on "food away from home." The question in our mind is whether that is the correct index, or whether there is a more appropriate index. More analysis into this question is necessary.

3. Many school districts are increasing the "indirect expenses" that are being charged against the school foodservice account. For example, in many cases, the percentage of the lighting bill or the sanitation bill, or even the salary of the school administrator, being charged to school nutrition program accounts, is far out of proportion. Unlike many other programs, there is no maximum in the statute or the regulation as to what a school district can charge the foodservice account. The appropriations bill, each year, states that the money is to fund the National School Lunch and Breakfast Programs. In reality, however, the money is used for many other school expenses. The statute should require USDA to establish a maximum indirect expense charge and one that is based on our true cost and expense to the school district. Such a change would greatly improve the financial integrity of the school meal program and allow for improved meal quality.

4. The School Breakfast Program still does not receive any USDA commodity assistance. The Lunch Program receives USDA commodities, but not the breakfast program. It would greatly assist school nutrition programs, and help expand the breakfast program, if the Congress amended the statute to provide commodity assistance for each breakfast served. SNA suggests ten cents (.10) per breakfast. Even though the School Lunch Program receives commodity assistance, it is much less than in previous years. Because of changes in the agriculture economy, "bonus commodities" have all but stopped. Traditionally, "entitlement" commodities were supplemented by bonus commodities, or extra surplus commodities. That is no longer happening to the same extent.

For more additional information ion this topic, please contact the School Nutrition Association.

School Nutrition Association
September 2008

National Nutrition Standards Recommendations

As of December 8, 2008

SCHOOL NUTRITION ASSOCIATION

School Nutrition Association
National Standards Guiding Principles

For School Breakfast and Lunch, Summer Feeding Programs, After School Snack Programs, and Other Items Sold / Served on the School Campus

General

1. National nutrient standards will reflect what is best for children's present and future health.
2. Schools will offer and promote foods and beverages consistent with *Dietary Guidelines for Americans 2005 (DGAs)* and *Dietary Reference Intakes (DRIs)*.
3. Foods and beverages available at school will contribute to teaching children lifelong healthy eating habits. This principle will be accomplished in partnership with school foodservice professionals, teachers, parents, and the broader community.
4. Federally reimbursable meals and snacks will be the primary source of foods and beverages offered at school.
5. Current and future implementation of these standards will require a collaborative effort with all stakeholders.
6. Compliance with Federal pre-emptive standards will require clear policies including enforcement, technical and financial support, and increased reimbursements.
7. Federal standards will pre-empt state and local standards for all foods and beverages sold/served during the school day throughout the campus.

School Breakfast and Lunch, Summer Feeding Programs, After School Snack Programs

1. Standards for reimbursable meals and reimbursable snacks will promote the consumption of a variety of foods and beverages from all food groups.
2. Nutrient content of foods and beverages will be averaged over a week, rather than nutrient profiling of an individual day or single food or beverage product.
3. SNA endorses all currently approved menu planning systems, including offer versus serve.
4. These recommendations are consistent with current Dietary Reference Intakes (DRIs), 1/3 for lunch and ¼ for breakfast for the following dietary elements: calories, protein, vitamin A, vitamin C, calcium, and iron.
5. Meal pattern requirements should be averaged over a five day school week.
6. Calories and nutrients may need to be adjusted based on age and energy needs, including those for Pre K-Grade 3.
7. These recommendations are consistent with current Dietary Guidelines for Americans (DGAs) for fat, saturated fat, sodium, and fiber.
8. **SNA recommends that meeting these nutrient standards will be phased in over time.**

As of December 8, 2008

SCHOOL NUTRITION ASSOCIATION

Items Sold / Served on the School Campus Outside of Reimbursable Meals

1. Foods and beverages sold/served outside reimbursable CNPs will complement, rather than compete with reimbursable meals and snacks, in order to support the DGAs.
2. Local districts should develop standards for classroom parties and celebrations.
3. A state or local wellness policy/initiatives may be more restrictive in the items sold/served, but may not alter the nutrition standards of items.
4. Authority needs to be given to the USDA for periodic review and updating based on nutrition science and the healthy status of children.

As of December 8, 2008

SCHOOL NUTRITION ASSOCIATION

School Nutrition Association
National Nutrition Standards
Meal Pattern Recommendations for School Breakfast and Lunch, Summer Feeding Programs and After School Snack Programs

SNA recommends the following standards for foods and beverages served/sold through the Child Nutrition Programs - School Breakfast and Lunch, Summer Feeding Programs, and After School Snack Programs. These standards are based on the DGAs 2005 and the USDA HealthierUS School Challenge Guidelines 2006.

SNA recommends the following standards for all reimbursable meals:

- Calories — Ranges based on DRIs
- Fat — 25-35% of calories over week
- Saturated Fat — Less than or equal to 10% of calories over week
- Trans fat — Zero trans fat (≤ .5 grams)

SNA recommends the following targets as total quantities for reimbursable meals throughout the school day.

- Fiber — 14-21 grams throughout the school day
- Sodium — 1,340 – 1,400 milligrams total throughout the school day
- Fruits and vegetables need to increase over time to meet DGA's.

SNA recommends the following additional standards for School Nutrition Programs:

- For food-based menu planning systems, continue to offer a minimum of five components for lunch, four components for breakfast, and two components for afterschool snacks.
- Sodium: Salt shakers and packets shall not be available.
- Sugar: Sugar packets shall not be available.
- Legumes: Must be offered two times per week as either a meat/meat alternate and/or vegetable component.
- Extra fruits and vegetable servings are contingent on additional reimbursements.
- Schools need to begin working towards recommended targets so they reach those goals at implementation date.

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Meal Pattern Recommendations

Lunch

	Minimum Requirement	Estimated Amount	Rationale
Meat/Meat Alternate	▪ Offer lower fat options at least four days per week (defined as an item with less than 40% of calories from fat) ▪ Maintain current crediting for alternate protein products	1-2 oz. daily	Range of ounces allows for flexibility
Grains/Breads	▪ One half of grain servings should be whole grain choices. ▪ The HealthierUS School Challenge defines a whole grain product is a food/menu item where the primary grain ingredient is a whole grain.(Examples of common whole grains can be found in Table 7 of the 2005 DGAs; also pages 6 and 7 of the HealthierUS School Challenge) ***Difficulty obtaining these products may require a phased approach to implementation.***	10-14 servings per week	DGAs recommend one-half of grains/breads from whole grain sources.
Fruits	▪ Three different fruits must be offered each week to ensure variety ▪ Only 100% juice, no added sugar, may be offered ▪ If only one fruit choice is offered per day, juice may only be offered two times per week as the fruit choice ▪ Three servings of fresh fruits and/or raw vegetables shall be offered per week	½ cup total fruit combination daily	Rounded up estimated amount to phase in daily recommended need (DGAs) and current consumption patterns Rationale for fresh fruits and vegetables – USDA HealthierUS Challenge
Vegetables	▪ Three different vegetables must be offered each week to ensure variety ▪ Two servings of dark green vegetables per week ▪ One serving orange/deep yellow vegetables per week ▪ Only 100% juice, no added sugar, may be offered	½ cup total vegetable combination daily	Rounded up estimated amount to meet daily recommended need (DGAs) and current consumption patterns Rationale for fresh fruits and vegetables – USDA HealthierUS Challenge

As of December 8, 2008

	▪ Three servings of raw vegetables and/or fresh fruits shall be offered per week		
Milk	▪ Not to exceed 1% milk fat for all milk offered ▪ Not to exceed 28 grams of sugar per 8 oz. serving	8 oz. daily	Small amounts of sugars added to nutrient-dense foods, such as low fat and fat-free milk products, may increase intake of such foods by enhancing the palatability of these products - DGAs.

Breakfast

	Minimum Requirement	Estimated Amount	Rationale
Meat/Meat Alternate	▪ Maintain the requirement for m/ma and grains/breads, allowing flexibility in combining the two components ▪ ½ oz minimum of m/ma to be considered a serving	½ – 2 oz. daily	Adds flexibility to menu planning on alternate serving methods.
Grains/Breads	▪ Maintain the requirement for grains/breads and m/ma, allowing flexibility in combining the two components ▪ Whole grain offered minimum 3 times per week. ▪ The Healthier US School Challenge defines a whole grain product is a food/menu item where the primary grain ingredient is a whole grain.(Examples of common whole grains can be found in Table 7 of the 2005 DGAs; also pages 6 and 7 of the HealthierUS School Challenge)	1 – 2 servings daily	DGAs recommend one-half of grains/breads from whole grain sources.
Fruits / Vegetables	▪ Offer a variety of choices over a week	¾ cup total combination daily	Adds flexibility in choices
Milk	▪ Not to exceed 1% milk fat for all milk offered ▪ Not to exceed 28 grams of sugar per 8 oz. serving	8 oz. daily	Small amounts of sugars added to nutrient-dense foods, such as low fat and fat-free milk products, may increase intake of such foods by enhancing the palatability of these products - DGAs.

Afterschool Snacks

	Minimum Requirement	Estimated Amount	Rationale
Meat/Meat Alternate	▪ Keep the same requirement for all components with flexibility to offer any two of the four components	1 oz. daily	Adds flexibility in choices
Grains/Breads	▪ Whole grain offered minimum 1 time per week. ▪ The HealthierUS School Challenge defines a whole grain product is a food/menu item where the primary grain ingredient is a whole grain. (Examples of common whole grains can be found in Table 7 of the 2005 DGAs; also pages 6 and 7 of the HealthierUS School Challenge)	1 serving daily	DGAs recommend one-half of grains/breads from whole grain sources.
Fruits / Vegetables		¾ cup combination daily when averaged over the week	Adds flexibility in choices
Milk	▪ Not to exceed 1% milk fat for all milk offered ▪ Not to exceed 28 grams of sugar per 8 oz. serving	8 oz. daily	Small amounts of sugars added to nutrient-dense foods, such as low fat and fat-free milk products, may increase intake of such foods by enhancing the palatability of these products - DGAs.

SCHOOL NUTRITION ASSOCIATION

School Nutrition Association
National Nutrition Standards

Recommendations for Items Sold / Served on the School Campus Outside of Reimbursable Meals

SNA recommends the following standards for foods and beverages served/sold outside reimbursable meals. The Institute of Medicine Nutrition Standards for Food in Schools and the Alliance for a Healthier Generation Competitive Foods and Beverage Guidelines were used as resources in developing these standards.

Tier 1 (All Students)

Tier 1 foods are fruits, vegetables, whole grains, and related combination products and low-fat and fat-free dairy that are limited to 200 calories or less per single serve portion, and:

- No more than 35 percent of total calories from fat
- Less than or equal to 10 percent of total calories from saturated fats
- Zero trans fat (≤ .5 grams)
- 35 percent or less of calories from total sugars
- Sodium content of 230 mg or less

Due to nutrient density, nuts (1 oz.), seeds (1 oz.), cheese (1 oz.), are exempt from fat, saturated fat standards. Must be served in 1 oz. serving size only.

Any entrée that is on the menu cycle as a part of a reimbursable meal (same specification/recipe/serving size) may be served / sold outside reimbursable meal in single serving only.

Tier 1 beverages:

- Water without flavoring, additives, carbonation, or added sugar
- Low-fat and fat-free milk (up to 8 oz. portion)
  - Lactose-free and soy beverages are included;
  - Not to exceed 170 calories per 8oz. serving
- 100 percent juice or 100% juice/water blends, with no added sugar (up to 10 oz. portion)
- Caffeine-free, with the exception of trace amounts of naturally occurring caffeine substances.

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Tier 2 (Optional for Middle and High Schools Students only):

Tier 2 foods are limited to 200 calories or less per single serve portion:

- No more than 35 percent of total calories from fat
- Less than or equal to 10 percent of total calories from saturated fats
- Zero trans fat (≤ .5 grams)
- 35 percent or less of calories from total sugars
- Sodium content of 230 mg or less

Due to nutrient density, nuts (1 oz.), seeds (1 oz.), cheese (1 oz.), are exempt from fat, saturated fat standards. Must be served in 1 oz. serving size only.

Any entrée that is on the menu cycle as a part of a reimbursable meal (same specification/recipe/serving size) may be served / sold outside reimbursable meal in single serving only.

Tier 2 beverages are:

- Non-caffeinated, non-fortified beverages with less than 5 calories per portion as packaged (with or without nonnutritive sweeteners, carbonation, or flavoring) up to 20 oz. portion size
- Low-fat and fat-free milk with no more the 255 calories per 12 oz. portion size
- 100% juice or 100% juice/water blends with carbonation up to 12 oz.

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As of December 8, 2008

Follow-On Questions for the Record
Hearing on Improving Nutrition for America's Children in Difficult Economic Times
Senate Committee on Agriculture, Nutrition and Forestry

This responds to a request for the Department's views and assistance in understanding the differing conclusions reached in the testimony provided by Abt Associates and the School Nutrition Association regarding the cost to produce school meals.

COST OF PRODUCING A SCHOOL LUNCH

In her testimony to the Committee, Ms. Wilson indicated that an internal School Nutrition Association survey found that the cost of producing a reimbursable lunch, $2.92, was 35 cents more than the federal reimbursement for a free lunch. Ms. Bartlett provided testimony that concluded the opposite – finding that, by and large, revenues received for the purpose of providing reimbursable lunches exceeded the costs of producing those meals.

The testimony presented to the Committee is based on two separate reports. The figures cited by Ms. Wilson are drawn from a School Nutrition Association (SNA) report entitled *"Heats On: School Meals Under Financial Pressure,"* published in September 2008. The testimony of Ms. Bartlett is based on a USDA-commissioned study conducted by Abt Associates entitled *"School Lunch and Breakfast Cost Study – II,"* published in April 2008. The Abt/USDA report presents an estimate of actual meal costs in school year 2005-2006; the SNA report provides an estimate of *actual* meal costs for school year 2007-08 and an estimate of *projected* meal costs for school year 2008-09. These estimates are shown below:

Year	Source	Average	Median	Range
SY 2005-06	Abt/USDA	$2.36	$2.22	$0.73 to $4.92
SY 2007-08	SNA	$2.63	$2.67	$1.15 to $3.72
SY 2008-09 (projected)	SNA	$2.90	$2.92	$1.50 to $3.87

Because the SNA report does not provide many details about the data, methods, and analysis used, it is difficult to fully reconcile these figures. However, some general observations can be made:

- **The rigor of the sampling methods which underlie the estimates is significantly different.** The Abt/USDA study used a *nationally-representative* sample of 120 school food authorities. The SNA estimates are based on a sample of 48 school districts; the report does not clearly say how this sample was drawn, but it is not representative of schools nationwide and may not be representative of large school districts.

- **The Abt/USDA estimates of meal cost are based on a review of financial statements, meal production records, recipes, invoices, and other documentation.** The SNA methodology is not documented or described.

- **The Abt/USDA study selected a sample of school food authorities across the full range of enrollments. SNA excluded school districts with enrollment below 15,000 students,** about 95 percent of all school food authorities. The Abt/USDA data indicate that the excluded school food authorities report, on average, *lower* costs to produce meals than those included in SNA's sample.

- **Within this more limited group of school food authorities, the Abt/USDA and SNA estimates are relatively consistent.** As noted above, the Abt/USDA study reports the average cost of a reimbursable lunch as $2.36 in school year 2005-06; the cost among only large school districts – those with enrollment above 15,000 students – averaged $2.44. When adjusted to reflect changes in the Consumer Price Index for food away from home through school year 2007-08, the inflation-adjusted average cost for these large districts is $2.60 – comparable to the $2.63 reported by SNA.

- **The SNA comparison of meal costs to meal reimbursements excludes the value of entitlement commodities provided to all schools.** The SNA comparison is made to the *cash* reimbursement for a free meal, rather than the whole subsidy. In school year 2007-08 the total USDA subsidy was $2.6575 ($2.47 in cash and $0.1875 in entitlement commodities)*. This total subsidy is higher than SNA's estimate of average cost ($2.63).

- **The estimated median cost cited in the SNA testimony ($2.92) is a *projected* cost for the still on-going school year 2008-09. The projected nearly 10 percent increase in meal costs between 2008 and 2009 is considerably higher than the projected 4 to 5 percent increase in food away from home.** The source of this projection is not documented in SNA's report; it is not clear how this would be calculated without final closeout expenditure data.

NON-REIMBURSABLE MEALS

Similarly, with respect to non-reimbursable meals, the testimony of Ms. Wilson and Ms. Bartlett differed. Ms. Bartlett testified that the School Lunch and Breakfast Cost Study found that, while "revenue from reimbursable meals exceeded the reported cost of producing those meals by an average of 15 percent....Revenues from nonreimbursable meals fell short of the cost of producing those meals by an average of 29 percent," indicating that funds from reimbursable meals may well be subsidizing the production costs of nonreimbursable meals. In contrast, Ms Wilson testified that the inadequacy of federal reimbursements for reimbursable meals necessitates the reliance of school food authorities on competitive foods, the revenue of which offsets inadequate federal reimbursements.

The two statements are not necessarily contradictory. The question of whether a la carte foods "subsidize" school meals rather than *vice versa* is in some measure a matter of how to allocate shared costs in producing school food – in economic terms, the problem of marginal versus average cost. To illustrate the issues at hand, envision as an example that a school is producing garden salads:

- The cost to start from scratch and make the first salad includes the cost of the food; the labor and equipment required to prepare it; the cost to keep the facility clean, heated, lighted and powered; and the materials and equipment required to serve it. We could imagine that, in total, the cost to produce one salad might be $1.00.

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* While the basic entitlement commodity rate was $0.1875 in 2007-08, Section 6(e) of the National School Lunch Act requires that at least 12 percent of the total assistance provided through the NSLP be in the form of commodities. When regular purchases fall short of the 12 percent requirement, USDA must purchase and distribute additional foods. This was required in school year 2007-08 with the result that schools received an estimated effective commodity assistance rate of $0.2084 cents, for a total payment of $2.6784 for each free meal. This raises the total reimbursement even further above the reported SNA average for school year 2007-2008.

- The total cost to produce two salads – potentially, one "reimbursable" salad and one "a la carte" salad – might be $1.25, since the additional (marginal) costs to produce another salad is limited to the cost of the food and some additional labor.

- In accounting for the cost of each salad, one has a choice. The average cost of each would be 67.5 cents. Using a marginal cost approach, the first salad costs $1.00, and the second costs only 25 cents more. Viewed in this light, the second salad could be sold for 30 cents and appear to result in a 5-cent marginal profit, while the actual average cost of that salad is more than twice the price charged.

In accounting for costs and revenues for their operations, SFAs generally assign most of their basic costs almost entirely to school meals production, seeing these costs as inherent to the meal service, and the additional cost to sell a la carte/non-reimbursable meals as a marginal additional cost to their core operations. Viewed this way, marginal revenues may well exceed marginal costs, and increasing a la carte sales may seem a rational way to balance costs and revenues.

Assigning such shared costs to reimbursable meals alone, however, is an arbitrary premise. It would be no less reasonable to assign fixed costs to a la carte foods, and view reimbursable meal production as a marginal cost and revenue stream.

It is also inconsistent with typical accounting practices, which allocate the cost of a shared resource in proportion to its share of production. This approach provides an equitable way to assess the relative cost and revenue streams from reimbursable and non-reimbursable meals production.

Using generally-accepted accounting practices, the Abt/USDA study found that:

- ***Roughly 10 percent of the SFAs with a la carte programs operate them at a profit,*** with revenues generated from the a la carte sales exceeding the reported costs of those sales.

- ***Far more frequently, however, these sales represented a net loss to the SFA,*** with half of the SFAs covering less than 60 percent of the reported costs of a la carte sales. This was particularly true of the small SFAs that don't rely heavily on a la carte as a revenue source.

○