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SENATE

REPORT
111–178

HEALTHY, HUNGER-FREE KIDS ACT OF 2010

MAY 5, 2010.—Ordered to be printed

Mrs. LINCOLN, from the Committee on Agriculture, Nutrition, and Forestry, submitted the following

R E P O R T

together with

ADDITIONAL AND SUPPLEMENTAL VIEWS

[To accompany S. 3307]

The Committee on Agriculture, Nutrition, and Forestry, having considered an original bill (S. 3307) to reauthorize child nutrition programs, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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PURPOSE OF THE LEGISLATION

The purpose of this legislation is to extend and improve the nation's policies and programs pertaining to child nutrition. Congress most recently addressed these programs comprehensively in the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108–

89–010

134). The programs that must be reauthorized include: (1) The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); (2) the Summer Food Service Program; (3) the State Administrative Expense Program; and (4) the WIC Farmers' Market Nutrition Program. The National School Lunch Program (NSLP), School Breakfast Program, and the Child and Adult Care Food Program (CACFP) are permanent law. However, this legislation provides Congress with an opportunity to revise and improve those programs as well.

In brief, the objectives of this bill are to expand access to the child nutrition programs to reduce childhood hunger, improve the nutritional quality of meals to promote health and address childhood obesity, and to simplify program management while strengthening program integrity. The Healthy, Hunger-Free Kids Act of 2010 reauthorizes and improves Federal programs contained in the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 through fiscal year 2015.

BACKGROUND AND NEED

The National School Lunch Program, established in 1946, is the largest of the child nutrition programs administered by the U.S. Department of Agriculture (USDA). The National School Lunch Program provides nutritionally balanced lunches to more than 31 million children each school day in over 101,000 public and private nonprofit schools and residential child care institutions. Participating schools receive cash reimbursement and a commodity entitlement for USDA purchased foods for each lunch served that meets the program's nutrition requirements. In fiscal year 2009, approximately 5.18 billion lunches were served through the National School Lunch Program at a total federal cost of $9 billion. Of the total lunches served, more than 62 percent were served to children free or at a reduced price. The program also reimburses schools for snacks served to children in after-school educational or enrichment programs.

The School Breakfast Program, which was created as a pilot project in 1966 and permanently authorized in 1975, provides nutritionally balanced breakfasts to 11 million children in more than 88,000 public and private nonprofit schools and residential child care institutions. Participating schools receive cash reimbursement for each breakfast served that meets the program's nutritional requirements. In fiscal year 2009, the School Breakfast Program provided approximately 1.86 billion breakfasts to 11 million children at a federal cost of $2.6 billion. Of the 1.86 billion breakfasts served, 82 percent were served free or at a reduced price to children from low-income households.

The Child and Adult Care Food Program, which was created as a pilot program in 1968 and permanently authorized in 1975, plays a critical role in providing nutrition to young children in preschool settings such as child care centers and home-based day care, as well as to children participating in afterschool programs. In fiscal year 2009, the Child and Adult Care Food Program provided approximately 1.9 billion meals to over 3.3 million participating children and adults at a federal cost of $2.5 billion. Of those 1.9 billion meals served, 1.2 billion were served in child care centers, 600 million were served in child care homes, and 70 million were served

in adult day care centers. Over 80 percent of the meals served through the Child and Adult Care Food Program are served free or at reduced price.

The Summer Food Service Program provides nutritious meals and snacks to children in low-income areas during the summer months and long vacation periods for schools on year-round schedules when children do not have access to school lunch or breakfast. The Summer Food Service Program was created as a pilot program in 1968 and permanently authorized in 1975. Participating sponsors, including schools, local government agencies, residential and non-residential camps, and private nonprofit organizations, receive cash reimbursement for up to two meals per day served to children age 18 and under at eligible sites. In fiscal year 2009, the Summer Food Service Program provided 133.1 million meals to over 2.2 million children at more than 34,000 sites at a federal cost of $356 million. Almost 60 percent of meals served were lunches, approximately 25 percent were breakfasts, and the remaining 15 percent were snacks. All meals are served free through the Summer Food Service Program.

The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) provides nutritious supplemental foods, nutrition education, breastfeeding support, and health and social services referrals at no charge to low-income pregnant, postpartum, and breastfeeding women, and infants and children up to the age of five. WIC, which was created in 1972 as a pilot program and has operated as a permanent program since 1974, is operated by all 50 States, 6 U.S. Territories, and 34 Indian tribal organizations through 2,200 local agencies and 9,000 clinic sites. WIC provides participants in most States with monthly checks or vouchers to buy specific foods designed to supplement their diet with particular nutrients. In fiscal year 2009, 9.1 million people participated in WIC at a total federal cost of $6.9 billion. All WIC participants are from households with incomes at or below 185 percent of poverty.

Despite advances made in strengthening Federal child nutrition programs, significant challenges remain for the low-income children and families who benefit from those programs as well as for the schools and community-based institutions that actually provide food to those children.

First, and most importantly, the need for Federal food assistance has increased dramatically in recent years. According to USDA's November 2009 report, Household Food Security in the United States, 14.6 percent of U.S. households (17 million households representing 49.1 million people, including 16.7 million children) were food insecure at least some time during the year. Of that number, 6.7 million households were classified as having very low food security, meaning that the food intake of one or more household members was reduced and their eating patterns were disrupted at times during the year because the household lacked money and other resources for food.

These statistics represent significant increases from prior years, and were the highest recorded since 1995, when the first national food security survey was conducted. For low-income households, households with children that were headed by single women or single men, and black and Hispanic households, rates of food insecurity were substantially higher than the national average. Most no-

tably, 55 percent of all food-insecure households participated in one or more of the three largest Federal nutrition programs (Supplemental Nutrition Assistance Program, National School Lunch Program, and the WIC Program), underscoring the important role that these programs play in providing individuals with critical nutrition benefits.

The recent increases in food insecurity are consistent with larger socioeconomic trends related to poverty and household income. In December 2007, the United States economy fell into a recession, as indicated by the National Bureau of Economic Research. During this time period, real median incomes fell, and both the percentage and aggregate number of Americans living in poverty increased. According to the U.S. Census Bureau, real median household income fell by 3.6 percent between 2007 and 2008, from $52,163 to $50,303, offsetting the gain in income experienced over the past three years. Additionally, between 2007 and 2008 the official poverty rate increased from 12.5 percent (37.3 million persons) to 13.2 percent (39.8 million persons), the first statistically significant annual increase in the poverty rate since 2004 and the highest poverty rate since 1997. For children under 18 years of age, the poverty rate was higher than the national average, increasing from 18 percent in 2007 to 19 percent in 2008.

In addition to their importance in addressing food insecurity, Federal child nutrition programs play a critical role in providing nutritious, balanced meals to children and promoting healthy lifestyles. Major strides have been made in recent years to improve the quality of meals served to children through child nutrition programs. According to the third USDA School Nutrition Dietary Assessment (SNDA III), in school year 2004–2005, over 95 percent of NSLP lunches offered and served by most schools met USDA goals for cholesterol over a typical week and were lower in saturated fat than meals served in school year 1998–1999, when the last SNDA was conducted. Larger proportions of elementary schools met the standards for total fat and saturated fat, and a larger proportion of secondary schools met the standard for saturated fat.

Despite this significant progress, however, considerable work remains to be done to improve children's diets and to bring Federally-subsidized meals in line with USDA nutritional guidelines. According to USDA, roughly 99 percent of lunches included amounts of sodium above the recommended levels. And, only 26 percent and 34 percent of schools served lunches that met USDA guidelines for total fat and saturated fat, respectively. Additionally, available research has consistently shown that the diets of U.S. children do not meet current national dietary recommendations for nutrition and health. Overall, children today have diets that are low in fruits, vegetables, whole grains, and dairy foods, and high in sodium, fat and added sugars. The 2005 Dietary Guidelines recommend that Americans consume half of their grains as whole grains, but according to the U.S. Department of Health and Human Services report, *Healthy People 2010*, only 7 percent of children ages two to 19 years currently meet this recommendation.

Statistics on the nutritional profile of school meals and the diets of Americans are often set against broader information about the overall health of American adults and children. The Department of Health and Human Services notes that 18.2 million Americans

have diabetes, with nearly one-third of those unaware that they have the disease, and more than 64 percent of the U.S. adult population is overweight or obese. Additionally, childhood obesity has increased steadily in recent years, especially during the past two decades. According to the Institute of Medicine report, *Progress in Preventing Childhood Obesity*, "Obesity rates among American children and youth have increased dramatically. Between 1963 and 2004, obesity rates quadrupled for older children, those ages 6 to 11 years (from 4 to 19 percent), and tripled for adolescents, those ages 12 to 19 years (from 5 to 17 percent). Between 1971 and 2004, obesity rates increased from 5 to 14 percent in 2- to 5-year olds."

Available health research shows a strong association between obesity and other chronic diseases, including cardiovascular disease, hypertension, and diabetes. Cardiovascular disease is the leading cause of death in America, resulting in 500,000 annual deaths. Risk factors for cardiovascular disease occur with much greater frequency among obese children than they do among normal weight children. One quarter of children ages five to 10 show early warning signs for heart disease, such as elevated blood pressure or high cholesterol.

In summary, it is evident that tremendous needs exist to reduce childhood hunger and food insecurity, as well as to improve the diets and overall health of American children more generally. The purpose of this bill is to address those needs in order that fewer low-income children have to go without food, and to ensure that more children from all income levels adopt the kind of healthful eating habits and lifestyles that will enable them to live longer, more productive lives.

SUMMARY OF MAJOR PROVISIONS

Direct certification for children receiving medicaid benefits

Under current law, local educational agencies are required to directly certify children in households receiving benefits under the Supplemental Nutrition Assistance Program (SNAP) for free school meals. At the discretion of the local educational agency, direct certification may also be conducted based on receipt of cash assistance under the Temporary Assistance for Needy Families (TANF) program or receipt of benefits under the Food Distribution Program on Indian Reservations.

Prior to 2004, direct certification of Supplemental Nutrition Assistance Program participants was a state option. In the 2004 reauthorization legislation, Congress required the use of direct certification based on receipt of Supplemental Nutrition Assistance Program benefits. The requirement was phased in based on the size of the school district and took effect nationwide beginning with the 2008–2009 school year.

Research has consistently shown that direct certification is highly accurate and reduces paperwork for families and school districts. This provision will expand the use of direct certification to include the Medicaid program. Direct certification will be conducted in areas selected by the USDA based on optional applications submitted by interested states. The size of the pool of eligible local educational agencies will increase gradually each year, going from local educational agencies that collectively represent 2.5 percent of

the students currently certified for free or reduced price school meals nationwide during the 2012–2013 school year, to 5 percent during the 2013–2014 school year, and finally to 10 percent during the 2014–2015 school year and subsequent years. Participating local educational agencies will use the income information collected by the Medicaid program to directly certify eligible children for free school meals. The Congressional Budget Office estimates that, by 2015, approximately 115,000 additional students will be certified for free school meals through this provision.

Eliminating individual applications through community eligibility

Under current law, school districts located in high poverty areas which participate in the National School Lunch Program may elect to serve all meals free to students and receive federal reimbursement through alternative counting and claiming options, commonly known as Provision 2 and Provision 3. Under these alternative counting and claiming options, schools establish a base year using paper applications and direct certification, and count meals by category to determine the percentage of meals served free or at a reduced price. The data from the base year is used to establish claiming percentages for federal reimbursements in subsequent years. After a four or five year period, schools must establish another base year or produce socioeconomic data which shows minimal change in the school's income demographic. Participating schools often struggle to collect paper applications and adequately document individual student eligibility in communities and schools that have not done so for several years, which can negatively affect their future federal reimbursement. Of the more than 101,000 schools in the National School Lunch Program, only about 3,000 (less than 3 percent) are Provision 2 or Provision 3 schools.

This provision establishes two new options by which schools or local educational agencies with very high proportions of low-income children can receive federal reimbursement without collecting individual paper applications from households and tracking student eligibility in the cafeteria. Reimbursement for these low-income schools will instead be based on other sources of available data, including the results of direct certification and the U.S. Census Bureau's American Community Survey. There are more than 10,000 schools in which more than 80 percent of the students are certified for free or reduced price meals. These schools serve more than 5 million children, who represent more than one in ten students nationwide. Under either of these new options, such schools will benefit from reduced paperwork, parents will not have to fill out duplicative forms, and low-income children will not face stigma in the cafeteria. In exchange, schools participating under either of these two options would agree to serve all meals free of charge, essentially creating a "hunger free zone." The Committee expects the Secretary and State agencies to promote these new options and provide outreach and technical assistance to schools that qualify to make it as easy as possible for them to offer all meals free of charge.

Expansion of afterschool meals for at-risk children

In the vast majority of states throughout the country, the Child and Adult Care Food Program At-Risk Afterschool Snack Program provides reimbursement to eligible institutions for a snack served to children participating in an afterschool program. For the past several years, appropriations bills have modified the program to permit several states to receive reimbursement for a full meal in addition to a snack. For the 2009–2010 school year, the free reimbursement level for a snack is $0.74, compared with $2.68 for a meal. Currently, only the District of Columbia, Connecticut, Delaware, Illinois, Maryland, Michigan, Missouri, Nevada, New York, Oregon, Pennsylvania, Vermont, West Virginia, and Wisconsin are permitted to receive reimbursement for a meal. Participating institutions in all other states may only receive reimbursement for a snack.

This provision will expand reimbursement for a meal in afterschool programs to all 50 states, which will ensure that more low-income children have access to a nutritious meal during after school hours.

Performance-based reimbursement rate increase for new meal patterns

The National Academy of Sciences' Institute of Medicine (IOM) released recommendations in October 2009 for updating the meal patterns for the National School Lunch and School Breakfast Programs to make them consistent with the 2005 Dietary Guidelines for Americans. Implementing IOM's recommendations and raising the quality of school meals will mean significant changes for virtually all schools in the program. Schools will be required to serve increased portions of fruits and vegetables, which may come in a variety of forms, including from food products derived out of pulse crops such as dry beans, dry peas, lentils, and chick peas, which are important food crops that play an important role in a balanced diet due to their low fat content, and high protein and fiber content. In addition to more fruits and vegetables, increased servings of whole grains, and low-fat or non-fat dairy products will be required, all of which the IOM estimates will increase the food cost per lunch.

This provision requires the Department of Agriculture to issue regulations to update the meal patterns based on the IOM recommendations, and provides an increase in the federal reimbursement to help schools meet the new meal patterns, which the IOM estimates will increase food costs between four and nine percent for participating schools. Once interim or final regulations are promulgated, the Secretary of Agriculture will provide an additional 6 cents per lunch, adjusted annually for inflation, in reimbursement for local educational agencies that the State agency certifies are in compliance with the new meal patterns. The Congressional Budget Office estimates that nearly all schools would be able to comply with the new requirements and receive the higher reimbursement rate.

Local school wellness policy implementation

One of the initiatives included in the Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108–265) required each

local educational agency participating in the National School Lunch Program to establish a local wellness policy. The 2004 initiative was designed to encourage local school districts to come up with their own plans to promote, among other things, sound nutrition and physical activity at the local level.

This section continues and updates the requirements of the local wellness policy included in the 2004 reauthorization by requiring that all local wellness policies include, at a minimum, goals for nutrition education, physical activity, and other school-based policies that promote student wellness; nutrition guidelines for all foods available on school campuses during the school day; participation by the local community in the development and periodic review of the wellness policy; public notification; and periodic assessment and reporting.

Nutrition standards for all foods sold in schools

Reimbursable school meals must meet nutrition standards (which include limits on fat, saturated fat and content requirements for protein, vitamins, and minerals) in order for a school district to claim reimbursement through the National School Lunch or School Breakfast Program. In contrast, foods sold individually outside of these programs, such as through vending machines, snack bars and a la carte lines are not required to meet comparable nutrition standards. The Department of Agriculture has very limited authority to set nutrition standards for these foods—limited to just the time and the place of meal service. Existing regulations stemming from this authority are very narrow and have not been updated in 30 years, despite major changes in nutritional science, changes in food consumption patterns, and rapid growth in childhood obesity, overweight, and diet-related chronic diseases.

Foods served outside of school meal programs are widely available in American schools. According to the Government Accountability Office, 99 percent of high schools, 97 percent of middle schools, and 83 percent of elementary schools have vending machines, snack bars, a la carte lines, and the like. Numerous scientific studies show that foods offered through these outlets are low in nutritional quality. In addition, research shows that when children gain access to such foods in schools, the quality of their diets decreases significantly. The widespread availability of unhealthy foods in our schools not only undermines children's health, but also undermines annual taxpayer investments of over $15.5 billion in the National School Lunch and School Breakfast Programs.

To promote healthful eating and to protect taxpayer investments in school meals, this provision requires the Secretary of Agriculture to establish science-based nutrition standards for all foods sold in schools other than foods currently reimbursed through the school lunch or breakfast programs. Such standards will apply on the entire school campus until the end of the school day. In establishing nutrition standards, the Secretary is directed to adopt measures that are consistent with the Dietary Guidelines for Americans, consider authoritative scientific research and the practical application of nutrition standards, as well as existing voluntary agreements, and provide for exemptions for school sponsored fundraisers if they are sanctioned by the school. The Secretary is also required to update the standards, as practicable and necessary, following the

publication of new editions of the Dietary Guidelines for Americans.

Nutrition and wellness goals for meals served through the Child and Adult Care Food Program

Child care facilities are a natural setting in which to lay the foundation for good nutrition and wellness in children. According to the National Center for Education Statistics, in 2005 9.1 million pre-school aged children participated in some form of child care. At the federal level, one opportunity to promote better health in child care settings is USDA's Child and Adult Care Food Program. The program serves approximately 3 million children each day and represents a tremendous opportunity to promote healthy lifestyles to children across the country.

This provision makes several changes to the nutritional requirements of the Child and Adult Care Food Program. It will require that CACFP meal patterns be based on the most recent *Dietary Guidelines*, similar to what is currently required for school lunches and breakfasts. The provision also requires that child care providers serve only low-fat or fat-free milk to children age two and up, consistent with recommendations of the *Dietary Guidelines* and the American Academy of Pediatrics, and to make fresh, safe drinking water available to children throughout the day to ensure proper hydration and develop positive attitudes toward water as a healthy, acceptable fluid for consumption.

In addition to encouraging the adoption of certain nutrition practices, this provision requires the Department of Agriculture and the Department of Health and Human Services to encourage physical activity and to limit sedentary activity, both of which are recommended by public health organizations and the *Dietary Guidelines*. Further, it requires the Department to provide training and technical assistance for states, sponsors and providers so that they have the tools they need to help children learn healthy nutrition and wellness habits.

Support for breastfeeding in the WIC Program

Though the promotion of breastfeeding among WIC participants has long been an objective of the WIC Program, rates of breastfeeding among WIC participants continue to be significantly lower than for the population as a whole. In 2003, only 54 percent of women participating in the WIC Program initiated breastfeeding compared to 76 percent of non-WIC participants. Rates of breastfeeding at six months of age similarly lag behind the general population, with 43 percent of non-WIC participants continuing to breastfeed their infants at 6 months of age, compared to just 21 percent of WIC participants. In recent years, WIC has accelerated its effort to promote breastfeeding in the WIC Program, notably through increasing funding for breastfeeding peer counselors and by changing WIC food packages to increase the attractiveness of breastfeeding and decrease the attractiveness of infant formula.

This provision seeks to reward excellence at both the local agency and local clinic level, as well as at the state agency level. For local clinics and local agencies, this provision would require the Secretary of Agriculture to create a program to recognize exemplary breastfeeding support practices. For state agencies, this provision

would establish a set of high performance bonuses to state agencies that have demonstrated either the highest proportion of breastfed infants or the greatest improvement in the proportion of breastfed infants, with an emphasis on fully breastfed infants. In addition, this provision would expand the collection of WIC program data on breastfeeding rates by requiring the WIC Program to collect and publish breastfeeding data annually, rather than biannually, and also to publish rates of breastfeeding not just at the state agency level, but for local agencies as well.

Nationwide implementation of Electronic Benefit Transfer (EBT) technology in the WIC program

One of the major success stories in the Supplemental Nutrition Assistance Program (SNAP) has been the transition to electronic benefit transfer (EBT) technology for the delivery of program benefits. Prior to EBT, benefits were delivered in the form of paper coupons that were used by SNAP participants in exchange for food at authorized SNAP vendors. The transition from paper coupons to EBT has created a much more positive experience for SNAP participants in the retail setting, as well as a more efficient way to process benefits for SNAP vendors. In the vast majority of states participating in the WIC program, benefits are still provided to participants in the form of paper vouchers. In order to facilitate a similar transition from paper to EBT in the WIC program, this section mandates WIC EBT implementation nationwide by October 1, 2020. Exemptions are granted to State agencies in the case of unusual technological barriers or operational costs.

Updating technology in the WIC Program will allow State WIC staff at all levels to perform operations more effectively and efficiently, increasing accountability and streamlining program monitoring and business practices through electronic solutions. At the clinic level it will enhance client services by improving clinic efficiencies. EBT will improve access to prescribed WIC foods by allowing the participant to shop for benefits when they want to and in the amounts they wish to purchase. EBT will also simplify the retail point-of-sale transaction and will reduce participant stigma and improve the shopping experience. WIC benefit redemption and payment for WIC transactions will be vastly improved for retailers using EBT.

LEGISLATIVE HISTORY

COMMITTEE ACTION

(1) HEARINGS

Child Nutrition Programs in the economic downturn

On December 8, 2008, the Senate Committee on Agriculture, Nutrition and Forestry held a hearing to assess the effectiveness of USDA's food assistance and child nutrition programs in promoting health, preventing chronic disease and fighting hunger in the economic downturn. During this hearing, testimony was heard from a panel that included: Dr. Eileen Kennedy, Tufts University, Boston, Massachusetts; Mary Kay Fox, Mathematica Policy Research, Cambridge, MA; Dr. Mariana Chilton, Children's Sentinel Nutrition As-

sessment Project, Philadelphia, PA; and Carolyn Duff, A.C. Moore Elementary School, Columbia, SC.

Improving nutrition for America's children in difficult economic times

On March 4, 2009, the Senate Committee on Agriculture, Nutrition and Forestry held a hearing to discuss how to improve nutrition for children during times of economic difficulty. The hearing included two panels of witnesses. The first panel focused on improving nutrition through the National School Lunch and School Breakfast Programs. Witnesses testifying included: Dr. Katie Wilson, Onalaska Public Schools, Onalaska, WI; Dr. Susan Bartlett, ABT Associates, Cambridge, MA; and Connie Boldt, Knoxville Community School District, Knoxville, IA. The second panel addressed improving nutrition for children when they are not in school. Witnesses for this panel included: Dr. David Paige, John Hopkins Medical School, Baltimore, MD; Kenneth Hecht, California Food Policy Advocates, Oakland, CA; and Lucy Nolan, End Hunger Connecticut, Hartford, CT.

Reforming nutrition for kids in schools

On March 31, 2009, the Senate Committee on Agriculture, Nutrition and Forestry held a hearing to discuss how to improve nutrition for kids in schools beyond improvements in the federal school meal programs. The hearing included two panels of witnesses. The first panel provided perspectives from schools and included: Dr. Pat Cooper, Early Childhood and Family Learning Foundation, New Orleans, LA; Nancy Huehnergarth, New York State Healthy Eating and Physical Activity Alliance, Chappaqua, NY; Byron Garrett, National Parent Teacher Association, Chicago, IL; and Reginald Felton, National School Boards Association, Alexandria, VA. The second panel offered perspectives from health professionals and the food and beverage industry. Witnesses included: Karen Ehrens, North Dakota Dietetic Association, Bismarck, ND; Miriam Erickson Brown, Anderson Erickson Dairy Company, Des Moines, IA; Hank Izzo, Mars Snackfood U.S., Hackettstown, NJ; and Susan Neely, American Beverage Association, Washington, D.C.

Field Hearing to consider the benefits of Farm-To-School projects, healthy eating and physical activity for school children

On May 15, 2009, the Senate Committee on Agriculture, Nutrition and Forestry held a field hearing in Atlanta, Georgia to consider the benefits of farm-to-school projects, healthy eating and physical activity to school children. Witnesses included: Dr. David Satcher, Morehouse School of Medicine, Atlanta, GA; Dr. William Dietz, Centers for Disease Control and Prevention, Atlanta, GA; Cindy Long, U.S. Department of Agriculture, Alexandria, VA; and Glyen Holmes, New North Florida Cooperative Association, Inc., Marianna, FL.

Reauthorization of U.S. Child Nutrition Programs

On November 17, 2009, the Senate Committee on Agriculture, Nutrition and Forestry held a hearing to consider opportunities to fight hunger and improve child health in the pending reauthoriza-

tion of U.S. child nutrition programs. The first witness was Secretary of Agriculture Tom Vilsack. Following Secretary Vilsack, a panel of witnesses gave testimony including: Dr. Margaret Boyle, USDA Agricultural Research Service, Little Rock, AR; Rich Huddleston, Arkansas Advocates for Children and Families, Little Rock, AR; Rhonda Sanders, Arkansas Hunger Alliance, Little Rock, AR; and Jennifer Smith, Walmart, Bentonville, AR.

(2) COMMITTEE MARKUP

On March 24, 2010, the Senate Committee on Agriculture, Nutrition and Forestry met in open session to mark up the 2010 child nutrition reauthorization bill. Members of the Committee in attendance included: Senators Lincoln, Chambliss, Harkin, Leahy, Stabenow, Nelson, Brown, Casey, Klobuchar, Bennet, Gillibrand, Lugar, Cochran, Roberts, Johanns, Grassley and Thune. The Chairman's mark was presented at 9:34 a.m. by Chairman Lincoln. Opening statements were made. The Chairman's mark was unanimously adopted by voice vote subject to the amendments to be offered by members of the Committee later in the markup. The Committee then considered a number of amendments to the Chairman's mark.

Senator Thune offered an amendment to designate a portion of the research and demonstration project funding made available under the school lunch program for research focused on child nutrition issues on Native American reservations. The amendment was unanimously adopted by voice vote.

Senator Lincoln offered an enbloc amendment containing both technical and substantive, but bipartisan, changes to the Chairman's mark. The amendment was unanimously adopted by voice vote.

Senator Stabenow offered an amendment that directs the Secretary of Agriculture to conduct a study of states participating in afterschool supper programs. The amendment was unanimously adopted by voice vote.

Senator Bennet offered an amendment that directs the Secretary of Agriculture to assist states in developing and implementing a continuous improvement plan for direct certification in the school lunch program as well as require states to include improvements in technology and information systems in a continuous improvement plan. The amendment was unanimously adopted by voice vote.

Senator Chambliss offered an amendment that would use the Conservation Stewardship Program as a funding offset as well as provide additional funding for the Emergency Food Assistance Program and Summer Food Service Program. The amendment failed on a roll call vote of 10 yeas and 11 nays.

Senator Brown offered an amendment to provide grants for summer food service as well as an amendment to establish an organic food pilot program within the school lunch program. Both amendments were adopted unanimously by voice vote.

Senator Bennet offered an amendment to create state childhood hunger challenge grants. The amendment was unanimously adopted by voice vote.

The Committee adjourned at 11:00 a.m.

ROLLCALL VOTE

Senator Chambliss offered an amendment to the Chairman's mark that would use the Conservation Stewardship Program as a funding offset in lieu of the Environmental Quality Incentives Program as well as provide additional funding for the Emergency Food Assistance Program and Summer Food Service Program. By rollcall vote of 10 yeas and 11 nays as follows, the amendment was defeated.

YEAS—10	NAYS—11
Mr. Chambliss	Mr. Leahy
Mr. Lugar	Mr. Harkin
Mr. Cochran	Mr. Conrad
Mr. McConnell	Mr. Baucus
Mr. Roberts	Ms. Stabenow
Mr. Johanns	Mr. Brown
Mr. Grassley	Mr. Casey
Mr. Thune	Ms. Klobuchar
Mr. Cornyn	Mrs. Gillibrand
Mr. Nelson	Mr. Bennet
	Mrs. Lincoln

ESTIMATED COSTS AND UNFUNDED MANDATES

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 20, 2010.

Hon. BLANCHE L. LINCOLN,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, DC.

DEAR MADAM CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the Healthy, Hunger-Free Kids Act of 2010.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Kathleen FitzGerald and Emily Holcome.

Sincerely,

DOUGLAS W. ELMENDORF,
Director.

Enclosure.

Healthy, Hunger-Free Kids Act of 2010

Summary: The legislation would reauthorize—through 2015—and amend child nutrition programs, primarily the National School Lunch Program (NSLP), the School Breakfast Program (SBP), and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). CBO estimates that enacting this legislation would increase direct spending by $68 million over the 2010–2015 period and decrease direct spending by $11 million over the 2010–2020 period. (The bill would increase revenues by less than $500,000 over the 2010–2020 period.) Pay-as-you-go procedures

would apply because enacting the legislation would affect direct spending and revenues.[1]

Additionally, CBO estimates that implementing this bill would have discretionary costs of $35.9 billion over the 2011–2015 period, assuming appropriation of the necessary amounts. Most of these costs are for the reauthorization of WIC, which received an appropriation of $7.3 billion in fiscal year 2010.

The bill would impose new requirements on states and schools that implement child nutrition programs. Those requirements would be intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). Beginning the first year that the mandates take effect, CBO estimates that the aggregate costs of the mandates to states and schools would exceed the threshold established in UMRA for intergovernmental mandates ($70 million in 2010, adjusted annually for inflation).

The bill would impose a mandate, as defined in UMRA, on the private sector, by requiring entities selling food on a school campus or at any time during the school day to comply with science-based standards established by the Secretary of Agriculture. Because of uncertainties about the standards that the Secretary would establish under this bill, CBO cannot estimate whether the costs to the private sector would exceed the threshold established in UMRA ($141 million in 2010, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of the legislation is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

[1] Different time periods apply for the current pay-as-you-go rules in the House of Representatives and the Senate. CBO estimates that enacting the bill would reduce direct spending by $2 million over the 2010–2014 period, but increase direct spending by $33 million over the 2010–2019 period. (The legislation would increase revenues by insignificant amounts over both of those periods.)

TABLE 1.—BUDGETARY EFFECTS OF THE HEALTHY, HUNGER-FREE KIDS ACT OF 2010

	By fiscal year, in millions of dollars—												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010–2015	2010–2020
CHANGES IN DIRECT SPENDING													
Estimated Budget Authority	0	-165	-362	74	23	-19	-17	-24	-25	-33	-40	-449	-588
Estimated Outlays	0	-92	-166	115	141	70	33	-1	-29	-38	-44	68	-11
CHANGES IN REVENUE													
Estimated Revenues	0	*	*	*	*	*	*	*	*	*	*	*	*
NET CHANGE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES													
Impact on the Deficit [1]	0	-92	-166	115	141	70	33	-1	-29	-38	-44	68	-11
CHANGES IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization Level	1	7,688	7,650	7,740	7,834	7,959	0	0	0	0	0	38,872	38,872
Estimated Outlays	0	5,674	6,865	7,694	7,783	7,900	1,970	792	0	0	0	35,916	38,678

[1] Positive numbers indicate increases in deficits; negative numbers indicate decreases in deficits.
Note * = less than $500,000.

Basis of estimate: For the purpose of this estimate, CBO assumes the bill will be enacted by the end of the fiscal year. The bill specifies that most provisions would become effective on October 1, 2010.

Direct spending and revenues

CBO estimates that enacting the bill would increase direct spending by $68 million over the 2011–2015 period and decrease direct spending by $11 million over the 2011–2020 period. Table 2 details the components of the estimated effects. CBO estimates that enacting the bill also would increase revenues by less than $500,000 over both the 2011–2015 and 2011–2020 periods. (We estimate no direct spending or revenue effects for 2010.)

Performance-Based Rate Increase. Section 201 would increase federal reimbursements to schools, beginning in fiscal year 2013, by 6 cents for all lunches in schools that serve both breakfasts and lunches that meet regulations concerning meal patterns and nutrition standards. The increase of 6 cents would be adjusted each year for inflation. Under the legislation, states would be responsible for certifying that schools comply with the guidelines. Additionally, the bill would provide $50 million per year for two years for state administrative expenses related to certifying schools.

CBO estimates that nearly all schools would receive the higher reimbursement rate. Including interactions with other provisions in the bill, CBO estimates that this provision would increase direct spending by $1.1 billion over the 2011–2015 period and $3.2 billion over the 2011–2020 period.

Environmental Quality Incentives Program (EQIP). EQIP provides financial assistance to agricultural producers to implement conservation practices. The Food, Conservation, and Energy Act of 2008 (Public Law 110–246) provided funding of $1.588 billion for 2011 and $1.750 billion for 2012 for new contracts each year. Section 442 would reduce those annual amounts to $1.447 billion beginning in 2011, for a total savings of $746 million over the 2011–2015 period and $2.2 billion over the 2011–2020 period.

Nutrition Education and Obesity Prevention Grant Program. Section 241 would establish a new grant program for nutrition education proposes as part of the Supplemental Nutrition Assistance Program (SNAP). The bill would eliminate the current practice by which state spending (both cash and in-kind) on approved activities for nutrition education is matched by the federal government as part of their SNAP administrative costs. The bill would provide $375 million for grants in fiscal year 2011, and adjust that amount for inflation in future years. Those funds would be distributed by formula to the states and there would no longer be a requirement for states to provide matching funds. States could use the money to provide nutrition education and obesity prevention programs to SNAP recipients and other low-income individuals.

TABLE 2.—ESTIMATED DIRECT SPENDING UNDER THE HEALTHY, HUNGER-FREE KIDS ACT OF 2010

	By fiscal year, in millions of dollars—											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011–2015	2011–2020
CHANGES IN DIRECT SPENDING												
Performance-Based Rate Increase [1]:												
Estimated Budget Authority	0	0	400	410	376	387	398	410	422	434	1,186	3,237
Estimated Outlays	0	0	340	408	381	385	397	408	420	432	1,129	3,171
EQIP:												
Estimated Budget Authority	-141	-303	-303	-303	-303	-303	-303	-303	-303	-303	-1,353	-2,868
Estimated Outlays	-41	-116	-164	-197	-228	-258	-287	-303	-303	-303	-746	-2,200
Nutrition Education:												
Estimated Budget Authority	10	-15	-50	-80	-115	-145	-180	-210	-245	-275	-250	-1,305
Estimated Outlays	10	-15	-50	-50	-115	-145	-180	-210	-245	-275	-250	-1,305
Commodity Support:												
Estimated Budget Authority	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-500	-1,000
Estimated Outlays	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-500	-1,000
CACFP:												
Estimated Budget Authority	31	45	54	63	70	82	90	100	106	111	263	752
Estimated Outlays	27	43	53	62	69	81	89	98	105	110	254	737
Direct Certification:												
Estimated Budget Authority	5	7	15	24	42	47	52	54	59	61	93	366
Estimated Outlays	1	8	16	23	40	46	52	54	58	60	88	358
Technical Assistance, Demonstration Projects, and Grants:												
Estimated Budget Authority	23	2	57	7	7	7	7	7	7	7	96	131
Estimated Outlays	7	10	17	23	19	17	17	7	7	7	76	131
Eliminating Applications:												
Estimated Budget Authority	5	1	2	3	6	10	14	19	24	28	17	113
Estimated Outlays	1	3	4	3	5	9	13	18	23	28	16	108
Independent Review:												
Estimated Budget Authority	-3	-4	-6	-6	-7	-7	-7	-7	-8	-8	-26	-63
Estimated Outlays	-2	-4	-6	-6	-7	-7	-7	-7	-8	-8	-25	-62
Reauthorization of Expiring Provisions:												
Estimated Budget Authority	5	5	5	5	5	5	5	5	5	5	15	51
Estimated Outlays	5	5	5	5	5	5	5	5	5	5	26	51
Total Changes:												
Estimated Budget Authority	-165	-362	74	23	-19	-17	-24	-25	-33	-40	-449	-588

TABLE 2.—ESTIMATED DIRECT SPENDING UNDER THE HEALTHY, HUNGER-FREE KIDS ACT OF 2010—Continued

	By fiscal year, in millions of dollars—											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011–2015	2011–2020
Estimated Outlays	-92	-166	115	141	70	33	-1	-29	-38	-44	68	-11

[1] Estimate includes interactions with other provisions.

Notes: Components may not sum to totals because of rounding EQIP = Environmental Quality Incentives Program; CACFP = Child and Adult Care Food Program.

Based on historical spending patterns and the ability of states to use in-kind resources toward the federal match, CBO estimates that spending under current law will grow by 8 percent per year on average over the next decade, significantly higher than the proposed funding under the bill. Thus, CBO estimates that enacting this proposal would reduce direct spending by $1.3 billion over the 2011–2020 period.

Commodity Support. Under current law, the Food and Nutrition Service (FNS) is required to spend at least 12 percent of the total cash assistance in the NSLP on commodities. Through fiscal year 2010, the value of bonus commodities can be counted toward this requirement. Bonus commodities are purchases made by the Department of Agriculture and donated to the NSLP. Section 401 would extend the authority to count the value of bonus commodities toward the 12 percent requirement through fiscal year 2020. Based on recent levels of donations, CBO estimates that the NSLP would receive $100 million per year in bonus commodities, reducing spending in the program by that amount. Therefore, CBO estimates that enacting this provision would save $1 billion over the 2011–2020 period.

Child and Adult Care Food Program (CACFP). The bill makes several changes to the Child and Adult Care Food Program that would expand participation or alter the way the program is administered. In total, CBO estimates that this legislation would increase direct spending for CACFP by $737 million over the 2011–2020 period.

Expansion of Afterschool Meals for At-Risk Children. Section 122 would allow more organizations participating in the CACFP at-risk snack program to serve suppers after school in addition to the snacks already served. Currently, an after-school program that has an educational component and is located in an area where at least half of the student body is certified for free or reduced-price meals can be reimbursed for snacks served free to students. In fiscal year 2009, almost 33 million after-school snacks were served.

Under current law, organizations that participate in CACFP at-risk snack programs in 13 states and the District of Columbia also can be reimbursed for suppers. Just over 19 million reimbursable suppers were served to students in 2009. The provision would allow programs nationwide to be reimbursed for suppers.

Based on data from the states that currently participate in the supper option, we assume that there would be some additional growth in the number of sites in the at-risk program and that roughly 60 percent of sites would begin to serve suppers. CBO estimates that each site would serve, on average, 7,000 suppers per fiscal year. However, in some states, after-school programs may already serve suppers through the CACFP if the site qualifies as a day care center. Based on data on meals in day care centers and information from states, CBO estimates that about 25 percent of the meals that are now served through day care providers would be served through the at-risk program under the bill. By 2015, CBO estimates that there would be almost 21 million additional suppers served, rising to 29 million by 2020. Enacting this provision would increase direct spending by $215 million over the 2011–2015 period and $641 million over the 2011–2020 period, CBO estimates.

Simplifying Area Eligibility Determinations in CACFP. Homes that provide day care services can participate in the CACFP and are divided into two tiers. Reimbursement rates are higher for meals served in tier 1 homes, which are either located in low-income areas, serve low-income children, or have low-income providers. Current law defines a low-income area as one in which at least half the students in the local elementary school qualify for free or reduced-price meals. All other meals are reimbursed at the lower tier 2 rate. Section 121 would allow day care homes to qualify for tier 1 status as long as any school in the district meets the low-income qualifications. CBO estimates that when this provision is fully phased in, approximately 2,250 tier 2 homes would switch to tier 1 status and 225 new day care homes would join the program. Based on the average costs for this program, CBO estimates that enacting this provision would cost about $6 million per year, totaling $29 million over the 2011–2015 period and $61 million over the 2011–2020 period.

CACFP Administrative Provisions. Section 334 would alter the way organizations that sponsor day care homes in eh CACFP are reimbursed for administrative costs. Section 335 would provide an opportunity for states to receive additional funding to conduct audits of institutions participating in the CACFP. CBO estimates that enacting those provisions would increase direct spending on administrative and audit costs in the CACFP by $10 million over the 2011–2015 period and $35 million over the 2011–2020 period.

Direct Certification. The bill has several provisions related to direct certification. In total, CBO estimates that enacting those provisions would cost $358 million over the 2011–2020 period. Since 2008, all school food authorities (SFAs) have been required to obtain documentation directly from the Supplemental Nutrition Assistance Program to directly certify students in SNAP households for free meals. Directly certified students do not have to complete applications and do not have to verify their incomes. CBO expects that increasing direct certification would lead to schools serving more reimbursable meals.

Direct Certification for Children Receiving Medicaid Benefits. Section 103 would establish a pilot program to allow selected school districts to directly certify certain students who receive Medicaid benefits for free school meals. By 2015, CBO estimates that about 115,000 students annually would be newly certified for free school meals.

Schools currently do not have the authority to use Medicaid data to directly certify students. Under the bill, the pilot program would expand over three years beginning on July 1, 2012, so that by the 2014–2015 school year, the Secretary of Agriculture could select districts that collectively serve up to 10 percent of students certified for free and reduced-price meals nationwide.

The pilot would allow schools to directly certify students of Medicaid for free meals provided their income as measured by the Medicaid program is below 133 percent of poverty. Because Medicaid uses a different measure to determine eligibility, students who are currently eligible for paid or reduced-price meals based on their gross household income would become newly eligible for free meals. In addition, because direct certification relieves the requirement to complete a paper application, CBO assumes some students who are

income-eligble for free meals but currently do not participate would become newly certified for free meals and begin to use the program.

The bill also would provide $5 million in fiscal year 2011 for a study of direct certification with Medicaid. In total, CBO estimates that enacting section 103 would increase direct spending by $328 million over the 2011–2020 period.

Improving Direct Certification. Section 101 would set new standards for direct certification in the NSLP and provide $12 million for state performance awards. The bill would establish a target for SFAs to directly certify 80 percent of eligible students in the 2011–2012 school year, with that target rising to 95 percent two years later. SFAs directly certified, on average, about 70 percent of students in SNAP households in the 2008–2009 school year. Under the bill, the Secretary of Agriculture would require states that do not meet those targets to develop and implement improvement plans. CBO expects that this policy would lead to a modest increase in the number of children directly certified.

Currently, some SFAs directly certify students by requiring them to submit a letter from the he SNAP office to the school. The bill would prohibit that method for direct certification. Based on information from FNS, CBO expects that this proposal would increase direct certification rates.

In total, CBO estimates that about 4,500 students a year, on average, would be newly certified for free meals as result of those changes. Enacting section 101 would increase direct spending by $20 million over the 2011–2015 period and by $30 million over the 2011–2020 period, CBO estimates.

Technical Assistance, Demonstration Projects, and Grants. The bill would provide funding for technical assistance, demonstration projects, and several grant programs that would increase direct spending by the amounts specified in the legislation. In total, those provisions would cost $131 million over the 2011–2020 period.

- Section 141 would provide $50 million in 2013 for research on the causes and consequences of childhood hunger and characteristics of households that experience childhood hunger, and demonstration projects to test new strategies to end childhood hunger.
- Section 221 would provide $10 million in 2011 for technical assistance to develop regulations for the nutritional content of meals served through CACFP and guidance for physical activity in child care settings.
- Section 223 would provide $5 million in 2011 for the Secretary to study the nutritional quality of food served and opportunities for physical activity in day care homes and centers.
- Section 243 would provide $5 million per year starting in 2013, for grants and technical assistance so that schools can implement farm-to-school programs to provide local produce in schools, build school gardens, and conduct other similar activities.
- Section 306 would provide $5 million in fiscal year 2011 and $1 million in each year thereafter for the Secretary to establish a program of required education, training, and certification for those responsible for the management of school food authorities and to establish standards for selection of State agency directors responsible for the NSLP and the SBP.

• Section 307 would provide $2 million for fiscal year 2011 to conduct a study of, issue guidance on, and promulgate regulations on the allocation and impact of costs other than food or labor charged to school food authorities.

• Section 352 would provide $1 million per year for fiscal year 2011 and every year thereafter for the Secretary to establish a product codes database for use in implementing an electronic benefits transfer system in WIC.

Eliminating Applications. Section 104 would give local educational agencies (LEAs) two new options for establishing the percentage of meals served that are reimbursed at the free and reduced price rate. LEAs that participate in either option would not need to collect household applications from students to determine free or reduced price meal eligibility and would be required to serve meals free of charge to all students.

The two new options would allow schools to use alternate procedures for claiming meal reimbursement in exchange for serving meals free of charge. CBO estimates the impact of each option independently and then estimated the interaction between the two. After accounting for the interaction between those two options, CBO estimates that enacting section 104 would cost 16 million over the 2011–2015 period and $108 million over the 2011–2020 period.

Direct Certification Option. Under section 104, participating LEAs would receive reimbursements for free meals based on their direct certification rates according to a formula specified in the bill. The remaining meals would be reimbursed at the rate for paid meals. The bill would allow a limited number of states to participate through July 1, 2014, at which point any state could participate. Prior to July 1, 2014, participating schools or school districts would need to directly certify at least 40 percent of their students; after that date, the Secretary could set a different minimum threshold.

CBO expects that schools and school districts with high percentages of students eligible for free or reduced price meals would be the most likely to participate. Based on administrative data from FNS and information on participation in existing alternative options for eliminating yearly applications, CBO estimates that by the end of the 10-year period, about 300 schools would participate in this option. At those schools, CBO estimates that a slightly higher percentage of meals would be reimbursed at the free rate. Because all meals would be served free of charge, CBO also anticipates increased participation in both the NSLP and the SBP.

Survey Option. Section 104 also would direct the Secretary of Agriculture to identify and implement alternatives means of establishing the percentages of meals served to students eligible for free and reduced price meals. The bill would allow the Secretary to use the American Community Survey or other data sources to approximate the actual makeup of students and replace the collection of household applications for free and reduced price meal eligibility. Schools that participate in this option would be required to serve breakfasts and lunches free of charge to all students.

CBO expects that schools that would participate have high percentages of students eligible for free or reduced price meals. Based on data on the percentage of students eligible for free and reduced price meals in all schools and information on the number of schools

that currently participate in other alternate meal counting provisions, CBO estimates that approximately 2,200 schools would participate in this option by 2020. We expect increased participation among students in the NSLP and SBP due to meals being served free of charge.

Independent Review. Section 304 would require local educational agencies that demonstrate high levels of administrative error to have a second person review eligibility determinations for free and reduced price meals. CBO estimates that a second review would lead to, on net, a reduction in meal benefits. Using data from FNS, CBO estimates that enacting this provision would reduce direct spending by $25 million over the 2011–2015 period and $62 million over the 2011–2020 period.

Reauthorization of Expiring Provisions. Sections 402 through 422 would reauthorize a number of expiring provisions in the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966. Consistent with the budget projection rules in the Balanced Budget and Emergency Deficit Control Act, the costs of extending the provisions in sections 402, 404, 405, and 422 are included in CBO's baseline and are therefore not included in the tally of incremental spending attributed to this bill. Those amounts total roughly $3 billion over the 2011–2015 period.

The bill would provide an additional $5 million per year for program management above current-law levels. Funding for the information clearinghouse would be extended through 2015 and would cost $1 million over the 2011–2015 period. In addition, the bill would increase funding for the Food Service Management Institute by $1 million per year and provide $4 million per year for federal administrative support. In total, enacting those provisions would cost $51 million over the 2011–2020 period, CBO estimates.

Provisions with Insignificant Costs, Savings, or Revenues. CBO estimates that many other provisions in the bill could affect outlays or revenues but would total less than $500,000 in any year and over the 2011–2020 period. (Some provisions would authorize the appropriation of funds to provide grants to states for activities related to mandatory spending for the child nutrition programs, but the expected interactions between potential appropriations and the mandatory programs would be small and are not included below.)

- Section 102 would make certain foster children categorically eligible for free meals.
- Section 111 would align the eligibility criteria for public and private sponsoring organizations who participate in the Summer Food Service Program (SFSP) and eliminate the current size restriction on for-profit sponsors.
- Section 112 would require state agencies to ensure that school food authorities that participate in the NSLP inform families of the availability of meals through the SBP and SFSP.
- Section 143 would require the Secretary to examine the practices of states and local educational agencies regarding credit for children's costs of school lunches and breakfasts, and would then implement and test new standards.
- Section 205 would establish rules for the prices school food authorities can charge for paid lunches. Because this provision would

require some schools to raise their lunch prices, participation in the NSLP would decline modestly.

• Section 303 would give the Secretary the authority to impose fines against an SFA, school, or state agency that fails to correct severe mismanagement of a child nutrition program, disregards a program requirement of which the institution has been informed, or fails to correct repeated violations of program requirements. CBO estimates that this provision would increase revenues by less than $500,000.

• Section 332 would direct the Secretary to promulgate regulations to ensure that state agencies use a fair and timely hearing process to reduce the amount of time between a state's action and the hearing in cases where an action of the state affects an institution's participation or reimbursement rates.

• Section 333 would allow family or group day care homes that participate in the CACFP to assist in the transmission of data concerning the household income of the children they serve, in accordance with a policy developed by the Secretary and with written consent of the children's parents or guardians.

• Section 337 would direct FNS to carry out a study of the states currently participating in the afterschool supper program through CACFP and report to the Congress within a year of enactment.

• Section 362 specifies that any institution or person that has been terminated from any child nutrition program may not be approved to participate in any other child nutrition program.

Spending subject to appropriation

The bill would reauthorize and amend discretionary programs previously authorized by the Richard B. Russell National School Lunch act and the Child Nutrition Act of 1966 and would authorize additional new discretionary programs through 2015. As shown in Table 3, CBO estimates that implementing this legislation would result in new discretionary outlays of $35.9 billion—primarily for the WIC program—over the 2011–2015 period, assuming the appropriation of the necessary amounts. The projected annual funding of $7.7 billion to $8.0 billion per year under the bill compares to the level of roughly $7.3 billion that was appropriated for WIC in 2010.

TABLE 3.—SPENDING SUBJECT TO APPROPRIATION UNDER THE HEALTHY, HUNGER-FREE KIDS ACT OF 2010

	By fiscal year, in millions of dollars—						
	2010	2011	2012	2013	2014	2015	2010–2015
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Reauthorize WIC:							
Estimated Authorization Level	0	7,317	7,390	7,470	7,557	7,673	37,407
Estimated Outlays	0	5,451	6,604	7,405	7,489	7,597	34,546
Other WIC Provisions:							
Estimated Authorization Level	0	240	243	253	260	269	1,265
Estimated Outlays	0	181	219	250	256	265	1,171
New Grants:							
Estimated Authorization Level	0	85	5	5	5	5	105
Estimated Outlays	0	21	21	21	21	21	105
Administrative Costs:							
Estimated Authorization Level	1	36	11	11	11	11	81
Estimated Outlays	0	17	16	16	16	16	81

TABLE 3.—SPENDING SUBJECT TO APPROPRIATION UNDER THE HEALTHY, HUNGER-FREE KIDS ACT OF 2010—Continued

	By fiscal year, in millions of dollars—						
	2010	2011	2012	2013	2014	2015	2010–2015
Studies and Demonstrations:							
Estimated Authorization Level	0	10	1	1	1	1	14
Estimated Outlays	0	4	5	3	1	1	13
Total Changes:							
Estimated Authorization Level	1	7,688	7,650	7,740	7,834	7,959	38,872
Estimated Outlays	0	5,674	6,865	7,694	7,783	7,900	35,916

WIC Reauthorization. This bill would reauthorize and make changes to the Special Supplemental Nutrition Program for Women, Infants, and Children. WIC provides supplemental foods, health care referrals, and nutrition education to pregnant and postpartum women with low income and infants and children up to 5 years of age.

The bill would reauthorize the appropriation of such sums as may be necessary for WIC. For fiscal year 2010, the Congress appropriated about $7.3 billion for WIC. Based on historical spending patterns and adjusting for anticipated inflation, CBO estimates that reauthorizing WIC would cost about $34.5 billion over the 2011–2015 period, assuming appropriation of the authorized amounts.

Other WIC Provisions. The bill would make several other changes to the WIC program that CBO estimates would cost $1.2 billion over the 2011–2015 period.

Certification. The bill would allow states to certify children participating in WIC for a period of up to one year. Under current law, children are only certified for six months and must be re-certified to continue receiving benefits. CBO expects this provision would increase the number of children in the program at any one time by retaining children who might not have been re-certified. CBO estimates that implementing this provision would cost $372 million over the 2011–2015 period, assuming the appropriation of the necessary amounts.

Infrastructure. The bill would authorize the appropriation of $134 million for 2010 for infrastructure and management information systems and would further allow the authorization of appropriations to grow by inflation from 2011 through 2015. (In 2010, the Congress provided $157 million for those activities.) The bill also would require states to implement electronic benefits transfer systems by 2020, unless granted an exemption from the Secretary. CBO expects that the funds necessary to implement the electronic benefits transfer systems would be provided from the funds authorized for infrastructure and management information systems. CBO estimates that implementing this provision would cost $652 million over the 2011–2015 period, assuming appropriation of the authorized amounts.

Farmers' Market Nutrition Program. The bill would authorize the appropriation of such sums as are necessary for the Farmers' Market Nutrition Program (FMNP). The FMNP operates in 45 states and Indian Tribal Organizations and provides benefits to WIC participants to purchase fresh, unprepared, locally grown products at

farmers' markets. The program received an appropriation of $20 million in fiscal year 2010. CBO estimates that reauthorizing the FMNP would cost $101 million over the 2011–2015 periods, assuming appropriation of the estimated amounts.

Evaluation. The bill also would authorize appropriations for WIC evaluation funds and would increase the maximum cap on expenditure from $5 million to $15 million. CBO estimates that funding for this provision would cost $46 million over the 2011–2015 period, assuming appropriation of the authorized amounts.

New Grants. Several provisions in the bill would authorize a combined $105 million in funding for new grant programs related to nutrition and school means. CBO estimates that implementing those grant programs would cost $105 million over the 2011–2015 period, assuming appropriation of the necessary amounts.

- Section 113 would authorize the appropriation of $20 million for competitive grants to provide technical assistance and improve retention of sponsors in the SFSP.
- Section 142 would authorize the appropriation of such sums as are necessary for 2011 through 2014 for a competitive grant program to combat childhood hunger. Based on the costs of similar grant programs, CBO estimates that implementing the State Childhood Hunger Challenge Grants would cost $50 million over the 2011–2015 period.
- Section 210 would authorize the appropriation of $10 million for the Secretary to provide competitive grants to school food authorities for a pilot program to increase the availability of organic foods in the NSLP.
- Section 243 would authorize the appropriation of such sums as are necessary for a grant program to increase access to locally grown foods in school meal programs. This authority would be in addition to the annual $5 million in mandatory funds provided for the same purpose in this bill. CBO estimates that implementing this provision would cost $25 million over the 2011–2015 period.

Administrative Costs. Three provisions would reauthorize existing authority for the appropriation of funds for administrative costs at a total cost of $81 million over the 2010–2015 period, assuming appropriation of the necessary amounts, CBO estimates.

- Section 403 would authorize funding of $1 million per year for procurement training beginning in 2010.
- Section 408 would authorize funding for compliance and accountability reviews for institutions participating in any child nutrition program. It also would increase the authorization of appropriations from $6 million to $10 million per year, beginning in 2011.
- Section 421 would authorize the appropriation of such sums as are necessary for technology infrastructure grants. CBO estimates that implementing this provision would cost $25 million over the 2011–2015 period.

Studies and Demonstrations. The bill also would authorize funding for studies and demonstrations at a total cost of $13 million over the 2011–2015 period, CBO estimates, assuming appropriation of the necessary amounts.

- Section 204 would authorize $3 million in fiscal year 2011 for the Department of Agriculture to conduct a study, in conjunc-

tion with the Centers for Disease Control and Prevention, on the effectiveness of school wellness policies.

- Section 209 would authorize such sums as are necessary to provide information to the public on the school nutrition environment. Based on similar programs, CBO estimates that implementing this provision would cost $8 million over the 2011–2015 period.
- Section 244 would authorize the appropriation of such sums as are necessary for the Department of Agriculture, in consultation with the Department of Health and Human Services, to establish a research and demonstration project on behavioral economics as it relates to food service in schools. Based on spending patterns in similar projects, CBO estimates that implementing this provision would cost $2 million over the five-year period.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

TABLE 4.—CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR THE HEALTHY, HUNGER-FREE KIDS ACT OF 2010, AS ORDERED REPORTED BY THE SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY ON MARCH 24, 2010

	By fiscal year, in millions of dollars—												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010-2015	2010-2020
	NET INCREASE OR DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go-Impact	0	-92	-166	115	141	70	33	-1	-29	-38	-44	68	-11

Estimated impact on state, local, and tribal governments: For large entitlement programs like child nutrition programs, the Unfunded Mandates Reform Act defines an increase in the stringency of conditions as an intergovernmental mandate if the affected governments lack authority to offset those costs while continuing to provide required services. The bill would alter, and in several cases increase, conditions for receiving assistance under child nutrition programs. Because states and schools have limited flexibility to amend their programmatic or financial responsibilities in the program, the new requirements would be intergovernmental mandates. In aggregate, CBO estimates that the costs to governmental entities would exceed the annual threshold established in UMRA ($70 million in 2010, adjusted annually for inflation) beginning in 2012.

Mandates

The bill would impose a mandate on schools by requiring schools to comply with nutrition standards for all foods sold in schools and on school campuses, at any time during the school day. Those standards also would apply to meals served outside the school meal program (for instance, foods sold through vending machines, school stores, snacks bars, and a la carte sales). Sales from those foods account for the majority of revenues—over $2 billion annually—that schools generate from foods sold outside the school meal program. To comply with the nutrition standards, CBO estimates that schools would lose revenues of more than $100 million, annually, beginning the first year the regulations took effect.

The bill also would require schools to comply with new standards for operating school meal programs as well as new standards for activities conducted outside the current regulatory authority of the child nutrition program. For example, the bill would require schools to:

- Make potable water available, free of charge, to children at meal times,
- Provide meals that comply with new menu planning and nutrition standards,
- Extend food safety standards to any facilities that store, prepare, or serve food, and
- Comply with new federal pricing standards for school meals that are provided to children who are not approved for federal benefits.

Schools would incur costs to comply with these new requirements. The most significant cost would result from increases in food and labor costs associated with meeting the new nutrition standards. Based on data from schools that have adopted policies that improved the nutritional quality of meals, CBO estimates schools would incur costs between $200 million and $400 million annually in the first year the requirements took effect. Schools that comply with the new menu planning and nutrition standards would, however, received an increase in federal reimbursement, approximately $300 million beginning in 2013. In addition, some schools would generate additional revenues from the increase in prices charged to children who are not approved for federal benefits.

Finally, states that implement the school lunch and breakfast programs are responsible for carrying out administrative duties including overseeing schools that operate the programs. The bill would require states to increase the number of eligible children who are approved for free meals because of their participation in other federal programs. It also would require states to meet new standards for hiring and training staff, and certify schools that meet new federal requirements for meals. CBO estimates that the costs to states to comply with these mandates would be less than $50 million annually. The bill also would provide federal funds to states for implementing some of those responsibilities.

Other impacts

States and schools would benefit from other provisions in the bill that authorize grant funds and reauthorize the WIC program. New requirements on state WIC programs, including cost containment measures and electronic benefit transfers, would not constitute intergovernmental mandates because they would result from voluntary participation in a federal program.

Estimated impact on the private sector: The bill would impose a mandate, as defined in UMRA, on the private sector requiring entities selling food on the school campus or at any time during the school day to comply with science-based standards established by the Secretary of Agriculture. Because of uncertainties about the standards that the Secretary would establish under this legislation, CBO cannot determine whether the costs to the private sector would exceed the threshold established in UMRA ($141 million in 2010, adjusted annually for inflation).

Estimate prepared by: Federal costs: Nutrition programs—Kathleen FitzGerald, Emily Holcombe, and Jennifer Reynolds EQIP—Jim Langley; Impact on state, local, and tribal governments: Lisa Ramirez-Branum; Impact on the private sector: Keisuke Nakagawa.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

CONGRESSIONALLY-DIRECTED SPENDING

In accordance with rule XLIV of the Standing Rules of the Senate, on March 18 2010, the Chairman and Ranking Member notified each Senate office of the need to supply information concerning any congressionally-directed spending request associated with the markup of this bill. No such requests were made.

REGULATORY IMPACT

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

Individuals and businesses affected

The Committee anticipates no major increase in regulatory burden to individuals, and believes that many children who are members of households receiving benefits through the Medicaid program, who are enrolled in schools with high proportions of students participating in school meal programs at no charge or reduced

price, foster children who are currently not participating in school meals, as well as others, will benefit economically and nutritionally from the bill. Other requirements of the bill that would mandate changes to current operations will fall mainly on school food authorities and other eligible community-based operators of child nutrition programs, as well as vendors in the WIC program who will be required to utilize electronic benefit transfer systems to redeem WIC benefits. The Committee believes that, overall, the changes made by the bill will modestly increase the administrative burden for some school food authorities and other institutions, and ultimately ease burden for WIC vendors as electronic benefit systems are implemented.

Economic impact on individuals, consumers and businesses

As noted above, in those instances where an increase in regulatory burden does result from provisions in the bill, the incremental increase in regulatory burden would fall mainly on school food authorities and other eligible community-based operators of child nutrition programs. The Committee believes that the increased cost in compliance with the additional requirements would in many cases be offset by the additional funding provided in the bill as well as reductions in administrative and paperwork and increased technical assistance associated with other provisions. For the WIC electronic benefit transfer mandate, the bill prohibits the cost of certain equipment or systems from being imposed on WIC vendors.

Impact on personal privacy

The Committee believes that the bill would have minimal impact on personal privacy.

Amount of additional paperwork

The Committee does not anticipate a major increase in paperwork burdens resulting from the passage of this legislation. For certain schools, institutions, and families, the Committee anticipates a decrease in paperwork associated with participation in child nutrition programs as a result of provisions included in the Committee bill.

SECTION-BY-SECTION SUMMARY

TITLE I—A PATH TO END CHILDHOOD HUNGER

SUBTITLE A—NATIONAL SCHOOL LUNCH PROGRAM

Section 101. Improving direct certification

This section amends section 9(b)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)(4)) to make a technical amendment and to (1) require that the Secretary provide performance awards (funded at $4 million for each of fiscal years 2012, 2013, and 2014) to States with "outstanding performance" or "substantial improvement" in direct certification for free school meals of children receiving other public assistance benefits; (2) establish performance benchmarks and add a requirement for "continuous improvement plans" for States with direct certification rates below these benchmarks; and (3) clarify that direct certification for free

school meals must require no action on the part of a child's household, including return of a letter to the school.

Section 102. Categorical eligibility of foster children

This section amends sections 9(b) and 9(d) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b) and (d)) to confer categorical eligibility for free school meals on foster children whose care and placement is the responsibility of a State foster care agency or a court.

Section 103. Direct certification for children receiving Medicaid benefits

This section amends section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) by adding a new paragraph (15) to establish a demonstration project to determine the effectiveness of directly certifying children for free school meals using household income data from Medicaid. Local educational agencies selected for the demonstration project will directly certify for free school meals all children who are receiving Medicaid and whose household income (as measured by Medicaid before the application of any expense disregard, block disregard, or other income disregard), does not exceed 133 percent of the federal poverty line. State educational agencies with local educational agencies selected for participation in the demonstration project will enter into an agreement with the Medicaid state agency no later than July 1 of their first year of participation. The demonstration project is phased in as follows: (1) During the 2012–2013 school year, areas selected by the Secretary for the demonstration will, in the aggregate, serve 2.5% of the students currently certified for free or reduced price school meals nationally; (2) in the 2013–2014 school year, the selected areas will serve a total of 5% of students certified for free or reduced price meals; and (3) in the 2014–2015 school year and subsequent school years, selected areas will serve a total of 10% of these students. The Committee recognizes the Secretary is unlikely to be able to select local educational agencies with enrollments that collectively equal the specified percentage exactly, but expects the Secretary to come as close as possible in order to fulfill the goals of this section.

This section also requires the Secretary to estimate the cost of direct certification with Medicaid for each of two years of the demonstration project, and to submit a report no later than October 1, 2014, on the results of the demonstration project. $5 million in mandatory funds is provided for the report.

This section also provides the Secretary with access to the educational and other records of State and local educational and other agencies receiving funds or providing benefits under the Richard B. Russell National School Lunch Act or the Child Nutrition Act of 1966, and income and program participation information from Medicaid agencies, to carry out the demonstration project. This section makes technical amendments to Section 1902(a)(7) of the Social Security Act (42 U.S.C. 1396a(a)(7)) and Section 444(b)(1) of the General Education Provisions Act (20 U.S.C. 1232g(b)(1)) to facilitate implementation.

Section 104. Eliminating individual applications through community eligibility

Subsection (a) amends section 11(a)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a(a)(1)) by creating a new subparagraph (F), which establishes a new mechanism by which schools or local educational agencies with high proportions of low-income children may be reimbursed for meals they provide based on their percentage of "identified students". For the purposes of this section, "identified students" are students who are certified for the free school meals based on documentation of their receipt of other benefits, including students directly certified based on receipt of benefits from the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families cash assistance program, or the Food Distribution Program on Indian Reservations, as well as students whose free meal eligibility is determined based on information from the homeless or migrant liaison, information from a provider of services under the Runaway and Homeless Youth Act, or based on participation in Head Start or Early Head Start. The number of "identified students" is reported annually to the Secretary by State agencies on the Form FNS–742 (School Food Authority Verification Summary Report) under the category "free eligible who are not subject to verification", which should minimize any additional reporting burden of this provision.

Subsection (b) amends section 11 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a) by adding a new subsection (g), which provides that schools with high proportions of low-income children may be reimbursed for meals they provide based upon data gathered through sources other than school meal applications, including income data provided through the U.S. Census Bureau. To the maximum extent practicable, the Secretary must identify alternatives to daily counting of meals served by category (free, reduced-price, paid) and the use of annual applications as the basis for eligibility for free or reduced-price school meals. These alternatives must consider recommendations relating to the use of the Census Bureau's American Community Survey for use by schools that provide accurate and effective means of providing meals consistent with the eligibility status of students. Such recommendations may be carried out through changes in program rules or demonstration projects.

SUBTITLE B—SUMMER FOOD SERVICE PROGRAM

Section 111. Alignment of eligibility rules for public and private sponsors

This section amends section 13(a)(7) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(a)(7)) to eliminate an existing limitation on private nonprofit Summer Food Service Program sponsors pertaining to the number of sites that they may operate. Under current law, private nonprofit sponsors may not operate more than 25 sites and each site is restricted to not more than 300 children. Eliminating the existing site limit on private nonprofit sponsors aligns sponsoring rules for both public and private nonprofit Summer Food Service Program sponsors.

Section 112. Outreach to eligible families

This section amends section 13(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(a)) to require State agencies administering the National School Lunch Program to ensure that school food authorities conduct various types of outreach to inform families of the availability and location of summer food service program meal sites and the availability of the School Breakfast Program. The Committee recognizes that, despite the availability of the School Breakfast Program in most schools throughout the country, many eligible children do not participate in this valuable program. The Committee urges the Secretary to utilize this provision, and to conduct other appropriate outreach, in order to improve participation in the School Breakfast Program among eligible children.

Section 113. Summer food service support grants

This section amends section 13(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(a)) by adding a new paragraph (12) which authorizes appropriations of $20 million for fiscal years 2011 through 2015 for competitive grants to States for the Summer Food Service Program. Grants may be used to provide summer program sponsors with technical assistance, assistance with site improvement costs, and other innovative activities that improve and encourage sponsor retention. In making grants, the Secretary if required to give priority to applicant States with (1) significant low-income child populations; and (2) plans that include innovative approaches to retain and support programs after the grant funds expire.

SUBTITLE C—CHILD AND ADULT CARE FOOD PROGRAM

Section 121. Simplifying area eligibility determinations in the Child and Adult Care Food Program

This section amends section 17(f)(3)(A)(ii)(I)(bb) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(f)(3)(A)(ii)(I)(bb)) to expand the types of income data which are allowed to make area eligibility determinations in the Child and Adult Care Food Program. Under current law, "tier I" family day care homes—homes served by a low-income provider or located in a geographic area in which at least 50 percent of the children residing in that area are eligible to receive free or reduced price meals—receive higher reimbursement for meals served. A variety of income data sources may be used for purpose of establishing this eligibility, including elementary school enrollment data, census tracts, the child care provider's income, or household income of the child. This section expands the allowable sources of income information to include data from secondary schools.

Section 122. Expansion of afterschool meals for at-risk children

This section amends section 17(r) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(r)) to expand to all state agencies the authority for the Secretary to reimburse child care providers participating in the Child and Adult Care Food Program at-risk afterschool program for meals served to children during afterschool hours. This section also requires the Secretary, within

180 days of enactment and each year thereafter, to issue guidelines and a handbook for at-risk afterschool programs.

SUBTITLE D—SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Section 131. Certification periods

This section amends section 17(d)(3)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(3)(A)) to allow state WIC agencies to certify participant children for up to one year if the child receives regular health and nutrition assessments.

SUBTITLE E—MISCELLANEOUS

Section 141. Childhood Hunger Research

This section amends the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) by adding a new section 23, *Childhood Hunger Research*, to establish a grant program to conduct research on the causes and consequences of childhood hunger and food insecurity, as well as the characteristics of households with childhood hunger and food insecurity. The Secretary is authorized to enter into competitively awarded contracts or cooperative agreements, or provide grants to other entities under terms and conditions established by the Secretary in order to conduct the research. Mandatory funding of $10 million is provided for this program.

This section also requires the Secretary to carry out demonstration projects that test innovative strategies to end childhood hunger, including alternative models for service delivery and benefit levels that promote the reduction or elimination of childhood hunger and food insecurity. The Secretary is authorized to enter into competitively awarded contracts or cooperative agreements with or provide grants to various entities to carry out the projects. At least one of the demonstration projects will be carried out on a rural Indian reservation with a high prevalence of diabetes. Each demonstration project awarded funding under the program shall be independently evaluated. Mandatory funding of $40 million is provided for these projects. The Committee encourages the Secretary to utilize a portion of the funds provided by this section to test innovative projects during hours when children are out of school, including weekends and holiday breaks.

Section 142. State Childhood Hunger challenge grants

This section amends the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) by adding a new section 24. Subject to appropriations, funds provided under this section will be used by the Secretary to award competitive grants or cooperative agreements with Governors to carry out comprehensive and innovative strategies to end childhood hunger, including alternative models for service delivery and benefit levels that promote the reduction or elimination of childhood hunger. Each project awarded a grant or cooperative agreement shall provide for (1) a baseline and annual assessments of the prevalence of childhood hunger in the State; (2) a collaborative planning process in the State; (3) an annual budget; (4) performance goals; and (5) an independent outcome evaluation. In developing criteria for these grants, the Sec-

retary is required to consult with Secretaries from the U.S. Departments of Health and Human Services, Labor, Education, and Housing and Urban Development. The Secretary will provide a status report annually beginning December 31, 2011, and ensure that evaluation results are shared broadly to promote the wide use of successful strategies.

Section 143. Review of local policies on meal charges and provision of alternate meals

This section requires the Secretary, in conjunction with States and participating local educational agencies, to examine the current policies and practices of States and local educational agencies regarding extending credit to children to pay for their reimbursable meals, and providing non-reimbursable meals to children without cash on hand. Based on this review, the Secretary will prepare a report and may implement national standards for meal charges and the provision of alternate meals. In determining whether to implement national standards, the Secretary must consider the impact on overt identification of low-income children, the manner in which the affected households will be provided assistance in establishing eligibility for free or reduced price meals, and the potential financial impact on local educational agencies.

TITLE II—REDUCING CHILDHOOD OBESITY AND IMPROVING THE DIETS OF CHILDREN

SUBTITLE A—NATIONAL SCHOOL LUNCH PROGRAM

Section 201. Performance-based reimbursement rate increases for new meal patterns

This section amends section 4(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1753(b)) to establish a timeframe for the Secretary to promulgate proposed, as well as interim or final regulations to update the meal patterns and nutrition standards for the school lunch and school breakfast programs based on recommendations made by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences. It provides an increase of 6 cents per lunch in federal cash reimbursements, adjusted for inflation in future years, for those schools that meet the new meal patterns. $50,000,000 in mandatory funds is provided in each of two fiscal years for State activities related to training, technical assistance, certification, and oversight activities, of which the Secretary may reserve $3,000,000 per fiscal year to support Federal administrative activities to carry out this section.

Section 202. Nutrition requirements for fluid milk

This section amends section 9(a)(2)(A) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(a)(2)(A)) to require that meals served under the Richard B. Russell National School Lunch Act offer a variety of fluid milk that is consistent with the Dietary Guidelines for Americans.

Section 203. Water

This section amends section 9(a) of the Richard B. Russell National School Lunch Act by adding a new paragraph (5), which re-

quires schools participating in the National School Lunch Program to offer free, potable water for consumption in the place of meal service during meal time.

Section 204. Local school wellness policy implementation

Subsection (a) amends the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) by adding a new Section 9A, which establishes a requirement that each local educational agency participating in a program authorized by the Richard B. Russell National School Lunch Act or the Child Nutrition Act of 1966 establish a local wellness policy for all schools under its jurisdiction. In accordance with regulations promulgated by the Secretary, local wellness policies must include, at a minimum, goals for nutrition education, physical activity, and other school-based policies that promote student wellness; nutrition guidelines for all foods available on school campus during the school day; participation by the local community in the development and periodic review of the wellness policy; public notification; and periodic assessment and reporting. The Secretary is required, in consultation with the Department of Education and the Centers for Disease Control and Prevention, to provide technical assistance to local educational agencies for use in establishing healthy school nutrition environments. Subject to the availability of appropriations, the Secretary is required to issue a report not later than January 1, 2014, on the implementation, strength, and effectiveness of the local school wellness policies carried out in accordance with this section.

Subsection (b) repeals section 204 of the Child Nutrition and WIC Reauthorization Act of 2004 (42 U.S.C. 1751 note; Public Law 108–265), which established a requirement for local wellness policies.

Section 205. Equity in school lunch pricing

This section amends section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) to establish requirements pertaining to the nonfederal contribution required of school districts receiving federal reimbursement through the National School Lunch Program. To ensure that children receiving free and reduced price lunches receive the full value of federal funds, this section requires participating school districts which have a paid lunch price that is less than the difference between the free lunch reimbursement rate and the paid lunch reimbursement rate to eventually set paid lunch prices such that the total per meal revenue received for those lunches is equal to the per meal revenue provided by the federal government for free lunches. For those school districts in which an increase in the paid lunch price applies, paid lunch prices must increase annually by the same inflation adjustment factor applied to the federal reimbursement rate, plus an additional two percentage points. This section also allows school districts to round paid lunch prices down to the nearest five cents, and to vary paid lunch prices by school so long as on average the revenue requirement is met across the district. It also caps the maximum annual price increase required in districts which have a paid lunch price that is less than the difference between the free lunch reimbursement rate and paid lunch reimbursement rate at 10 cents. However, the section also permits school districts to increase paid lunch

prices by more than 10 cents at the option of the school district. School districts that charge at least the difference between the free lunch reimbursement rate and the paid lunch reimbursement rate for paid meals must adjust their prices on an annual basis by the inflation adjustment factor used for federal reimbursement rates. Participating school food authorities may reduce the average price of a paid lunch required under this section if the State agency ensures that sufficient funding from non-Federal sources (other than in-kind contributions) is added to the nonprofit school food service account to compensate for the reduction.

Section 206. Revenue from non-program foods sold in school food authorities

This section amends section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) by adding subsection (q), which requires the percentage of revenues obtained from the sale of non-program foods purchased using funds of the nonprofit school food service account to equal or exceed the percentage of costs associated with obtaining such non-program foods. The method set forth in this section to make this determination is intended to ease the potential administrative burden that separate accounting could entail. This section also requires that all revenues from non-program foods accrue to the school food service account.

Section 207. Reporting and notification of school performance

This section amends section 22 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769c) by extending the unified accountability system to the school breakfast program and specifically requiring that the system review compliance with the nutritional requirements established in the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 for the school lunch and school breakfast programs. These reviews must be conducted on a three-year cycle and schools must be selected for review based on criteria established by the Secretary. Reports of local review findings must be made available to the Secretary and the public.

Section 208. Nutrition standards for all foods sold in school

This section amends section 10 of the Child Nutrition Act of 1966 (42 U.S.C. 1779) and requires the Secretary to establish by regulation, science-based nutrition standards for all foods sold in schools other than foods currently reimbursed under the Child Nutrition Act of 1966 of the Richard B. Russell National School Lunch Act. Such standards will apply on the entire school campus until the end of the school day. In establishing nutrition standards, the Secretary is directed to establish standards that are consistent with the goals of the Dietary Guidelines for Americans, consider authoritative scientific research, existing voluntary agreements, and the practical application of nutrition standards, and provide for exemptions for school sponsored fundraisers if they are sanctioned by the school. The Secretary is also required to update the standards, as practicable and necessary, following the publication of new editions of the Dietary Guidelines for Americans.

Section 209. Information for the public on the school nutrition environment

This section amends section 9 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758) by adding a new subsection (k) that requires the Secretary to establish requirements for local educational agencies participating in the School Lunch or School Breakfast Programs to report information about the school nutrition environment to the Secretary and to the public on a periodic basis. The requirements must include information for all schools on school food safety inspections, local wellness policies, meal program participation, the nutritional quality of program meals, and other information determined by the Secretary. The Secretary also must provide training and technical assistance to State and local educational agencies on the assessment and reporting on the school nutrition environment requirements. This section authorizes such sums as are necessary for each of fiscal years 2011 through 2015.

Section 210. Organic Food Pilot Program

This section amends section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) by adding a new subsection (j) that, subject to appropriations, authorizes $10 million for fiscal years 2011 through 2015 for the Secretary to carry out a pilot program of competitive grants to school food authorities to increase the quantity of organic foods provided to children through the National School Lunch Program. In selecting grant recipients, the Secretary shall give preference to applicant school food authorities with greater than 50 percent of the households in the district at or below the Federal poverty line.

SUBTITLE B—CHILD AND ADULT CARE FOOD PROGRAM

Section 221. Nutrition and wellness goals for meals served through the Child and Adult Care Food Program

This section establishes new guidelines pertaining to health and nutrition promotion in institutions participating in the Child and Adult Care Food Program.

Paragraph (1) amends section 17(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(a)) to add a findings section and modify the purpose of the program to provide aid to child and adult care institutions and family or group day care homes for the provision of nutritious foods and the maintenance of an overall wellness environment that contributes to the healthy growth and development of young children, and the health and wellness of older adults and chronically impaired disabled persons.

Paragraph (2) amends section 17(g) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(g)) to establish nutritional requirements for reimbursable meals provided under the CACFP. The Secretary is required to review and, as appropriate, update meal patterns for the Child and Adult Care Food Program not less frequently than once every 10 years to ensure that the meals are consistent with the goals of the most recent Dietary Guidelines of Americans and the recommendations made by authoritative scientific organizations concerning appropriate nutrition standards for foods served to children in child care settings. Milk served as a

component of a reimbursable meal must be provided in accordance with the Dietary Guidelines for Americans.

Paragraph (3) amends section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) to add a new subsection (u) which establishes requirements for the Secretary related to the promotion of nutrition, health and wellness in child care centers and homes participating in the Child and Adult Care Food Program. The Secretary is required to encourage and provide guidance to providers to offer children daily opportunities for physical activity, and to limit the use of electronic media to an appropriate level. Child care centers and homes are required to make drinking water available to children throughout the day, including at meal times. Further, $10 million in mandatory funds is provided for the Secretary to provide technical assistance to sponsoring organizations and providers related to nutrition and physical activity, including the development of a handbook containing guidelines and best practices to promote improved nutrition, health and wellness of young children.

Section 222. Interagency coordination to promote health and wellness in child care licensing

This section requires the Secretary to coordinate with the Secretary of Health and Human Services to encourage State child care licensing agencies to include nutrition and wellness standards within State child care licensing standards.

Section 223. Study on nutrition and wellness quality of child care settings

This section requires the Secretary, in consultation with the Secretary of Health and Human Services, to conduct a nationally representative study of child care centers and family or group day care homes to assess the nutritional quality of foods served to children, as well as the quantity and types of physical activity and sedentary activity in which children are engaged. It also requires an assessment of the barriers and facilitators to: Providing foods that meet the Dietary Guidelines, providing opportunities for physical activity, and participating in the Child and Adult Care Food Program. $5 million in mandatory funds is provided for this section.

SUBTITLE C—SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Section 231. Support for breastfeeding in the WIC Program

This section amends section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) to clarify that breastfeeding support and promotion are core program goals and activities in the Special Supplemental Nutrition Program for Women, Infants, and Children.

It also amends section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) by striking the existing paragraph (4) and replacing it with a new paragraph (4), which includes several new program responsibilities pertaining to breastfeeding promotion in the WIC Program. Clause (vii) of the new paragraph (4)(A) requires the Secretary to annually compile and publish breastfeeding performance measurements for each state agency and each local agency. Clause (viii) of the new paragraph (4)(A) requires the Secretary

to implement a program to recognize exemplary breastfeeding support practices at local agencies or clinics participating in the WIC Program. Clause (ix) of the new paragraph (4)(A) requires the Secretary to implement a program to provide performance bonuses to state agencies that achieve the highest proportion of breastfed infants or the greatest improvement in the proportion of breast-fed infants. Subparagraphs (B) and (C) of the new section (4) provide additional direction to the Secretary regarding the programs required to be established under clauses (viii) and (ix) of paragraph (4)(A).

This section also amends section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) by striking paragraph (10) and replacing it with a new paragraph (10). The new paragraph (10) amends funding levels for set-asides for (1) infrastructure and special projects; (2) management information systems; and (3) special nutrition education projects, including breastfeeding peer counselors and breastfeeding performance bonuses authorized under clause (ix) of section 17(h)(4)(A) of the Child Nutrition Act of 1966. The new paragraph (10) also indexes each of the set-asides for inflation.

Section 232. Review of available supplemental foods

This section amends section 17(f)(11)(D) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(11)(D)) to specify that the Secretary shall conduct a review of supplemental foods provided in the Special Supplemental Nutrition Program for Women, Infants, and Children no less than every 10 years.

SUBTITLE D—MISCELLANEOUS

Section 241. Nutrition Education and Obesity Prevention Grant Program

This section amends the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) by removing the existing nutrition education program under section 11(f) and adding a new section 28 at the end. It permits State agencies administering the Supplemental Nutrition Assistance Program to implement a nutrition education and obesity prevention program for eligible individuals that promotes healthy food choices consistent with the most recent Dietary Guidelines for Americans. State agencies may use funds provided through this section for any evidence-based allowable use of funds identified by the Administrator of the Food and Nutrition Service of the Department of Agriculture in consultation with the Director of the Centers for Disease Control and Prevention of the Department of Health and Human Services, including individual and group-based nutrition education as well as community and public health approaches. Mandatory funding for this section is set at $375,000,000 for fiscal year 2011, and indexed for inflation each fiscal year thereafter. The initial allocation of nutrition education funding provided for under this section is intended to be proportional for each State to its share of total Federal reimbursement for Supplemental Nutrition Assistance Program nutrition education activities in fiscal year 2009. This determination will be based on the State's final fiscal year 2009 SNAP SF–269 reports, which were due to the Secretary in February 2010 and serve as the basis for the annual close out of the State Administrative Cost grants.

Section 242. Procurement and processing of food service products and commodities

This section amends section 9(a)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(a)(4)) by adding a new subparagraph (C) that requires the Secretary to develop and disseminate model product specifications and practices for foods offered in the school nutrition programs under the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 to ensure that the foods reflect the most recent Dietary Guidelines for Americans. It also requires the Secretary, no later than one year after enactment, to conduct a study on the quantity and quality of nutritional information available to school food authorities about food service products and commodities and to submit a report to Congress on the results, including legislative recommendations to ensure that school food authorities have access to the nutritional information needed for menu planning and compliance assessments. This section requires the Secretary to purchase the widest practicable variety of healthful foods that reflect the most recent Dietary Guidelines when purchasing and processing commodities for use in the school nutrition programs.

Section 243. Access to local foods: Farm to School Program

This section amends section 18(g)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(g)(4)) to provide $5 million in mandatory funding for fiscal year 2013 and each fiscal year thereafter for a program to provide grants and technical assistance to schools and nonprofit entities for the purpose of establishing farm to school programs. The Committee requests that the Secretary review price information for produce purchased through Farm-to-School programs, DoD Fresh, and general procurement under new local preference regulations. To the extent possible, the Committee requests that the Secretary report any trends or indicators of the best price option among these procurement choices.

Section 244. Research on strategies to promote the selection and consumption of healthy foods

This section authorizes the Secretary, in consultation with the Secretary of Health and Human Services, to establish a research, demonstration, and technical assistance program to promote healthy eating and reduce the prevalence of obesity by applying the principles of behavioral economics research in schools, child care programs, and other settings. The Secretary may enter into competitively awarded contracts or cooperative agreements or provide grants to States or public or private agencies or organizations to carry out the program and must submit annual reports to Congress that include the policies, priorities, and operations of the program, the results of any evaluations completed, and the efforts undertaken to disseminate successful practices through outreach and technical assistance. This section authorizes the appropriation of such sums as are necessary for each of fiscal years 2011 through 2015 to carry out this section.

TITLE III—IMPROVING THE MANAGEMENT AND INTEGRITY OF CHILD NUTRITION PROGRAMS

SUBTITLE A—NATIONAL SCHOOL LUNCH PROGRAM

Section 301. Privacy protection

This section amends section 9(d)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(d)(1)) to specify, as a condition of eligibility, that applications for free- or reduced-price lunches must include the last four digits of the social security number of the primary wage earner responsible for the child for whom the application is made.

Section 302. Applicability of food safety program on entire school campus

This section amends section 9(h)(5) of the Richard B. Russell National School Lunch Act to specify that the school food safety program established for meals served through the National School Lunch Program and the School Breakfast Program applies to any facility or part of a facility in which foods are stored, prepared, or served for the purposes of the school nutrition programs under the Richard B. Russell National School Lunch Act or the Child Nutrition Act of 1966.

Section 303. Fines for violating program requirements

This section amends section 22 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769c) by adding a new subsection (e).

Paragraph (1) of subsection (e) provides authority to the Secretary to establish regulations to impose a fine against any school food authority, school, or service institution if the Secretary determines that it has (1) failed to correct severe mismanagement of the program; (2) disregarded a program requirement of which it had been informed; or (3) failed to correct repeated violations of program requirements. Fines imposed under this subsection are graduated, with up to one percent of total fiscal year reimbursements imposed for the first violation or violations, up to 5 percent of total fiscal year reimbursements imposed for the second violation or violations, and up to 10 percent of fiscal year reimbursements imposed for the third violation or violations.

Paragraph (2) of subsection (e) provides similar authority to the Secretary to impose fines on state agencies administering the child nutrition programs by reducing their payments for administrative expenses.

Paragraph (3) of subsection (e) specifies that funds to pay fines imposed under paragraphs (1) and (2) must come from non-federal sources.

Section 304. Independent review of applications

This section amends section 22(b) of the Richard B. Russell National School Lunch Act (42.U.S.C. 1769(b)) by adding a new paragraph (6) which requires error prone local educational agencies, as determined by the Secretary, to conduct a second, independent review of the eligibility determination of each free and reduced price application prior to notifying the household of the determination.

The independent review must be completed in a timely manner. It also requires these error prone local educational agencies to submit a report on the results of independent reviews to the State agency.

Section 305. Program evaluation

This section amends section 28 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769i) by adding a new subsection (c) to require State and local agencies, institutions and contractors receiving funding under the Richard B. Russell National School Lunch Act or the Child Nutrition Act of 1966 to cooperate with the Secretary in the conduct of evaluations and studies.

Section 306. Professional standards for school food service

This section amends section 7 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1776) by replacing subsection (g). It requires the Secretary to establish a program of required education, training, and certification for all local school food service directors, including minimum educational requirements, minimum training and certification criteria, and minimum periodic training requirements. This section also requires the Secretary to establish criteria for states to use in the selection of state agency directors responsible for the School Lunch Program and School Breakfast Program. For both school food service managers and state agency directors, the Secretary is required to establish a date of mandatory compliance with the new requirements. Compliance with selection criteria for state agency directors shall apply only to those state directors selected and hired after the effective date of the criteria.

This section also authorizes the Secretary to provide financial assistance to one or more professional food service management organizations to establish and manage the training and certification program. It provides $5 million in mandatory funding on October 1, 2010, and $1 million each year thereafter, for development and maintenance of the training and certification programs. Additionally, it requires the Secretary to provide training designed to improve (1) the accuracy of approvals for free and reduced price meals; and (2) the identification of reimbursable meals at the point of service. Local food service personnel, under specifications established by the Secretary, are required to complete annual training and certification. The Committee expects the training and education requirements will not be burdensome, and will be easily accessible and available to local school food service professionals.

Section 307. Indirect costs

Subsection (a) requires the Secretary, within 180 days of enactment, to issue guidance to school food authorities participating in the National School Lunch Program and the School Breakfast Program on existing program rules pertaining to charging the nonprofit school food service account for indirect costs (e.g., trash collection, phone service).

Subsection (b) requires the Secretary to conduct a study to assess (1) the allocation of indirect costs to school food authorities participating in the National School Lunch Program and the School Breakfast Program; (2) the methodologies used to establish such indirect cost rates; and (3) the impact of indirect costs on the non-

profit food service account. Following the publication of the study, the Secretary may promulgate regulations to address (1) any identified deficiencies in the allocation of indirect costs; and (2) the authority of school food authorities to reimburse only those costs identified by the Secretary as reasonable and necessary. Mandatory funding of $2 million is provided to conduct the study.

Section 308. Ensuring safety of school meals

This section amends the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) by adding a new section 29 that requires the Secretary, no later than one year after enactment, to (1) develop guidelines to determine the circumstances under which it is appropriate for the Secretary to institute an administrative hold on suspect foods purchased by the Secretary for use in the school meal programs; (2) work with States to explore ways to increase the timeliness of notification of food recalls to schools; (3) improve the timeliness of communication between the Food and Nutrition Service and States about holds and recalls; and (4) establish a timeframe to improve the commodity hold and recall procedures of the USDA to address the role of processors and distributors. This section also requires the Secretary, no later than one year after enactment, to revise the procedures of the Food Safety and Inspection Service to ensure that schools are included in effectiveness checks.

SUBTITLE B—SUMMER FOOD SERVICE PROGRAM

Section 321. Summer Food Service Program permanent operating agreements

This section amends section 13(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(b)) to require service institutions participating in the Summer Food Service Program to enter into permanent operating agreements with the applicable State agency. It also establishes parameters for the termination of the agreements, and requires that each participating institution submit an annual budget for program administrative costs, which shall be subject to approval by the State agency.

Section 322. Summer Food Service Program disqualification

This section amends section 13 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761) by adding a new subsection (q) to require the Secretary to establish procedures for terminating the participation of institutions in the Summer Food Service Program. The procedures must include a provision for fair and prompt hearings when a State action limits an institution's participation in or reimbursement under the program. The Secretary also is required to maintain a list of institutions and individuals that have been disqualified from participation in the program. The list must be made available to States for use in approving or renewing program applications.

SUBTITLE C—CHILD AND ADULT CARE FOOD PROGRAM

Section 331. Renewal of application materials and operating agreements

This section amends sections 17(d) and 17(j)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(d), 42 U.S.C. 1766(j)(3)) to (1) require permanent operating agreements between sponsoring organizations and State agencies, as well as between sponsoring organizations and sponsored child care centers; and (2) modify the frequency with which initial applications and follow-up applications must be submitted by sponsoring organizations to State agencies; (3) eliminate the current on-site review requirements related to the submission of block claims by providers; and (4) provide the Secretary authority to develop a policy to detect and deter false claims submitted by institutions and providers in the program.

Section 332. State liability for payments to aggrieved child care institutions

This section amends section 17(e) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(e)) to require State agencies to provide a fair hearing to any participating institution aggrieved by actions taken by the State agency which affect the institution's participation in, or claims submitted for reimbursement under the Child and Adult Care Food Program. In the event that a State agency does not provide such hearing in accordance with the timeframes established by the Secretary, such State agency will be required to pay, out of non-federal sources, valid reimbursement claims submitted by the aggrieved institution until such hearing is held.

Section 333. Transmission of income information by sponsored family or group day care homes

This section amends section 17(f)(3)(A)(iii)(III) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(f)(3)(A)(iii)(III)) to permit family day care home providers to assist families in transmitting program forms which contain income information to the family day care home sponsoring organization.

Section 334. Simplifying and enhancing administrative payments to sponsoring organizations

This section amends section 17(f)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(f)(3)) to modify the structure of, and formula used to determine, administrative payments made to sponsoring organizations of family day care homes. Under current law, sponsoring organizations are not allowed to carry over unspent administrative funds into the next fiscal year. Additionally, sponsors receive the lesser of three different administrative formulas: (1) Actual costs incurred in administering the program during the fiscal year; (2) the amount specified in an administrative budget developed by the sponsoring organization for the fiscal year; or (3) the number of homes served by the sponsoring organization multiplied by administrative rates determined by the Secretary (the "homes times rate" formula). This section requires all sponsoring organizations to be reimbursed according to the

"homes times rate" formula. Additionally, the section permits sponsoring organizations to carry over not more than ten percent of their administrative funding from the previous fiscal year into the next fiscal year. All carryover funds must be used by sponsors within the next fiscal year.

Section 335. Child and Adult Care Food Program audit funding

This section amends section 17(i) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(i)) to permit the Secretary to increase administrative funding to State agencies for the purpose of conducting audits of participating Child and Adult Care Food Program institutions for fiscal year 2016 and each fiscal year thereafter. Under current law, each State agency administering the Child and Adult Care Food Program receives audit funding in amounts up to 1.5 percent of total funds spent on the program in the state during the second preceding fiscal year. This section permits the Secretary to increase audit funding for State agencies beyond the current 1.5 percent cap, to no more than 2 percent, provided that the State agency can effectively demonstrate to the Secretary that such funding would improve program management.

Section 336. Reducing paperwork and improving program administration

This section requires the Secretary to continue to examine the feasibility of reducing unnecessary or duplicative paperwork resulting from regulations and recordkeeping requirements for State agencies, institutions, family and group day care homes, and sponsored centers participating in the Child and Adult Care Food Program. Additionally, the Secretary is provided discretion, in conjunction with States and institutions participating in the Child and Adult Care Food Program, to examine any other aspect of administration of the program. It also requires the Secretary to submit a report to Congress no later than four years after enactment detailing the results of the examination.

Section 337. Study relating to the Child and Adult Care Food Program

This section requires the Secretary to carry out a study of States participating in an afterschool supper program under the Child and Adult Care Food Program established under section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766). It requires the Secretary to submit a report to Congress, no later than one year after enactment, that describes (1) the results of the study; (2) best practices of States in soliciting sponsors for an afterschool supper program; and (3) any Federal or state laws or requirements that may be barriers to participation in the program.

SUBTITLE D—SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Section 351. Sharing of materials with other programs

This section amends section 17(e)(3) of the Child Nutrition Act (42 U.S.C. 1786(e)(3)) to authorize State agencies administering WIC to permit local WIC agencies or clinics to share nutrition education materials with institutions participating in the Child and

Adult Care Food Program at no cost to the Child and Adult Care Food Program. The Committee requests that the Secretary advise WIC state agencies that the current Dietary Guidelines for Americans urges Americans to increase their fruit and vegetable intakes regardless of type (fresh, frozen, canned and dried). The Committee also urges the Secretary to, within reason, allow various package sizes of WIC approved foods that provide greater value than specific sizes that are not readily available or purchased by non-WIC customers.

Section 352. WIC Program management

Section 352 makes several amendments to section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) for purposes of improving WIC Program management.

Subsection (a) amends section 17(g)(5) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)(5)) by increasing the amount of funds available for program evaluation.

Subsection (b) amends section 17(h)(8) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)) by adding subparagraph (K) which requires State agencies to report WIC rebate payments from infant formula manufacturers in the month the payments are received.

Subsection (c) amends section 17(h)(9) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(9)) to require State agencies which institute cost containment measures for authorized WIC foods to verify that no additional States are added to the State alliance after the initial submission of a competitive bid, to have a system in place to ensure that rebate invoices under competitive bidding provide a reasonable estimate of the number of units sold to participants in the WIC program, to open and read aloud all bids at a public proceeding, and to provide a minimum of 30 days between the publication of the bid solicitation and the day on which the bids are due.

Subsection (d) amends section 17(h)(12) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(12)) to make a number of changes designed to improve program operations through improvements in technology. This subsection mandates WIC electronic benefit transfer (EBT) implementation nationwide by October 1, 2020. It also provides new cost sharing provisions for State agencies and retailers and requires the development of WIC EBT technical standards for States, contractors, and vendors. The Committee encourages the Secretary to work closely with State agencies to determine their resource needs to achieve the goal of nationwide EBT implementation.

Subsection (e) amends section 17(h)(13) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(13)) by requiring State agencies to use the national universal product code (UPC) database established by the Secretary. Mandatory funding of $1 million each year is provided to develop and support the database.

Subsection (f) amends section 17(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(i)) by adding paragraph (8) which permits WIC State agencies to use rebates of food funds received from infant formula manufacturers during the current fiscal year to pay for allowable food expenditures incurred during the previous fiscal year. This authority is limited to each of fiscal years 2012 and 2013.

Section 353. Efficacy of foods eligible for use under the Special Supplemental Nutrition Program for Women, Infants, and Children

This section amends section 17(f)(11) of the Child Nutrition Act of 1966 (42 U.S.C. 1786) by adding a new subparagraph (E) to provide the Secretary a mechanism by which to ensure that food products offered through the WIC program provide benefits relative to their cost.

SUBTITLE E—MISCELLANEOUS

Section 361. Full use of Federal funds

This section amends section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) by specifying in subsection (b) that agreements between the Secretary and State agencies administering programs authorized under the Richard B. Russell National School Lunch Act or the Child Nutrition Act of 1966 shall include a provision that supports full use of Federal funds provided to State agencies for the administration of the programs and excludes the Federal funds from State budget restrictions or limitations including, at a minimum, hiring freezes, work furloughs, and travel restrictions.

Section 362. Disqualified schools, institutions, and individuals

This section amends section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) by adding a new subsection (r) that specifies that any school, institution, service institution, facility, or individual that has been terminated from any program authorized under the Richard B. Russell National School Lunch Act or the Child Nutrition Act of 1966 and is on a list of disqualified institutions or individuals under the Summer Food Service Program or the Child and Adult Care Food Program may not be approved to participate in any program under the Richard B. Russell National School Lunch Act or the Child Nutrition Act of 1966.

TITLE IV—MISCELLANEOUS

SUBTITLE A—REAUTHORIZATION OF EXPIRING PROVISIONS.

PART I—RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT

Part I of subtitle A of title IV reauthorizes expiring provisions of the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

Section 401. Commodity support

This section amends section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) to extend through September 30, 2020, authority to classify bonus commodity purchases as support which meets the requirement that not less than 12 percent of the assistance provided to schools participating in the National School Lunch Program be provided in the form of commodities.

Section 402. Food safety audits and reports by states

Paragraph (1) amends section 9(h)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(h)(3)) to extend through

fiscal year 2015 a requirement for States to (1) audit the food safety inspections which schools participating in the National School Lunch Program and School Breakfast Program are required to conduct; and (2) submit to the Secretary a report of the results of the audit.

Paragraph (2) amends section 9(h)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(h)(4)) to extend through fiscal year 2015 a requirement for the Secretary to conduct annual audits of food safety reports submitted to the Secretary by States.

Section 403. Procurement training

This section amends section 12(m)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760(m)(4)) to extend through fiscal year 2015 an authorization of appropriations to carry out a procurement training program for States, State agencies, schools, and school food authorities participating in the National School Lunch Program and School Breakfast Program.

Section 404. Authorization of the Summer Food Service Program for children

This section amends section 13(r) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(r)) to extend through fiscal year 2015 the authority to provide appropriations for activities carried out under the Summer Food Service Program.

Section 405. Year-round services for eligible entities

This section amends section 18(i)(5) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(i)(5)) to extend through fiscal year 2015 authorization for the Secretary to provide to the State of California such sums as are necessary to reimburse service institutions for year-round meal services provided through the Summer Food Service Program.

Section 406. Training, technical assistance, and Food Service Management Institute

This section amends section 21 (e) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769b–19(e)) to strike an authorization of appropriations and to make various conforming amendments. Mandatory funding is increased by an additional $1 million per year for the Food Service Management Institute.

Section 407. Federal administrative support

This section amends section 21(g)(1)(A) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769b–1(g)(1)(A)) to provide mandatory funding of $4 million per year for the Secretary to conduct training and technical assistance related to improving program integrity and administrative accuracy in school meals programs, as well as to assist State educational agencies in reviewing the administrative practices of local educational agencies.

Section 408. Compliance and accountability

This section amends section 22(d) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769c(d)) to authorize appropriations of $10,000,000 for each of fiscal years 2011 through 2015 for the purposes of carrying out the unified system of compliance

and accountability for local food service authorities that participate in the National School Lunch Program.

Section 409. Information clearinghouse

This section amends section 26(d) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769g(d)) to provide $250,000 for each of fiscal years 2010 through 2015 for the purposes of maintaining an information clearinghouse.

PART II—CHILD NUTRITION ACT OF 1966

Part II of subtitle A of title IV reauthorizes expiring provisions of the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

Section 421. Technology infrastructure improvement

This section amends section 7(i)(4) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(i)(4)) to extend through fiscal year 2015 an authorization of appropriations for management information systems and technology infrastructure improvements related to the school meals programs.

Section 422. State administrative expenses

This section amends section 7(j) of the Child Nutrition Act of 1966 (42 U.S.C. 1766(j)) to extend through fiscal year 2015 an authorization of appropriations for state expenses related to the administration of the Special Milk Program, School Breakfast Program, National School Lunch Program, and Child and Adult Care Food Program.

Section 423. Special Supplemental Nutrition Program for Women, Infants, and Children

This section amends section 17(g)(1)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)(1)(A)) to extend through fiscal year 2015 an authorization of appropriations for the purposes of operating the Special Supplemental Nutrition program for Women, Infants, and Children.

Section 424. Farmers Market Nutrition Program

This section amends section 17(m)(9) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(9)) to extend through 2015 an authorization of appropriations for the WIC Farmers Market Nutrition Program.

SUBTITLE B—TECHNICAL AMENDMENTS

Subsection (a) of Subtitle (B) of title IV makes technical changes to remove obsolete provisions of the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

Section 441. Technical amendments

Paragraph (1) of subsection (a) amends section 9(f) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(f)) to require that schools that participate in the National School Lunch Program or School Breakfast Program serve lunches and breakfasts that consider the nutrient needs of children who may be at risk for inadequate food intake and food insecurity.

Paragraph (2) of subsection (a) amends section 11(a)(3)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) to strike obsolete language pertaining to rounding rules for the annual adjustment in average payment rates for breakfasts, lunches, and supplements served through the National School Lunch Program and School Breakfast Program.

Paragraph (3) of subsection (a) amends section 11 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a) to strike subsection (f), which authorized the Secretary to provide grants to 10 State agencies in fiscal years 2000 and 2001 for the purpose of identifying schools likely to benefit from participating in the National School Lunch Program through provisions 2 and 3.

Paragraph (4) of subsection (a) amends section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) to strike subsection (k), which required the Secretary to issue final regulations to conform the nutrition requirements of the National School Lunch Program and School Breakfast Program with the most recent Dietary Guidelines no later than June 1, 1995.

Paragraph (5) of subsection (a) amends section 13 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761) to make various technical amendments in order to reformat subsection 13(a).

Paragraph (6) of subsection (a) amends section 14(d) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1762a(d)) to strike a provision which requires the Secretary to provide a report to Congress on the impact of procedures established to ensure that state and school input is secured in the selection of school commodity offerings. The report was completed and provided to Congress in 1978.

Paragraph (7) of subsection (a) amends section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) to strike subsection (p), which authorizes the Secretary to conduct a pilot program in Nebraska in fiscal years 2006 and 2007 to determine alternative eligibility thresholds for rural area day care home providers to participate in the Child and Adult Care Food Program.

Paragraph (8) of subsection (a) amends section 17(q) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(q)) to strike paragraph (3), which authorizes the Secretary to reserve $1 million for Child and Adult Care Food Program training and technical assistance for each of fiscal years 2005 and 2006 in order to assist State agencies in improving their program management and oversight.

Paragraph (9) of subsection (a) amends section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) to strike subsection (a), which authorizes the Secretary to conduct pilot projects in not more than three states in which the Secretary is administering programs to evaluate the effects of contracting with private nonprofit organizations to act as a State agency under the National School Lunch Act and Child Nutrition Act.

Paragraph (10) of subsection (a) amends section 18(c) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(c)) to strike paragraphs (1) and (2), which authorize the Secretary to conduct a pilot project to identify alternatives to the standard application and meal counting process.

Paragraph (11) of subsection (a) amends section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) to strike subsection (d), which authorizes the Secretary to conduct a pilot program in at least 25 districts under which the milk offered by schools meets the fortification requirements for low fat, skim and other forms of milk.

Paragraph (12) of subsection (a) amends section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) to strike subsection (e), which authorizes the Secretary to provide grants to States to conduct pilot projects in elementary schools offering free school breakfasts.

Paragraph (13) of subsection (a) amends section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) to strike subsection (f), which authorizes the Secretary to conduct a pilot project to modify residential camp eligibility for the Summer Food Service Program at 1 private nonprofit residential camp in not more than two states.

Paragraph (14) of subsection (a) amends section 27 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769h) to repeal the section, which authorizes funding for the Secretary to carry out activities to help accommodate special dietary needs for fiscal years 1999 through 2003.

Subsection (b) of Subtitle (B) of title IV makes technical changes to remove obsolete provisions of the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

Paragraph (1) of subsection (b) amends section 7(a)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)(1)) to repeal language relating to State administrative costs in fiscal years 2005 through 2007.

Paragraph (2) of subsection (b) amends section 17(f)(11) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(11)) to strike subparagraph (C), which authorizes the Secretary to award grants to not more than 10 local sites to evaluate the feasibility of including fresh, frozen, or canned fruits and vegetables.

Section 442. Environmental Quality Incentives Program

This section amends section 1241(a)(6) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(6)) to provide $1,447,000,000 for each of fiscal years 2011 and 2012 for the Commodity Credit Corporation to carry out the Environmental Quality Incentives Program.

Section 443. Budgetary effects

This section requires that the budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, be determined by reference to the latest statement titled "Budgetary Effects of PAYGO Legislation" for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, provided that such statement has been submitted prior to the vote on passage.

Section 444. Effective date

This section requires that the provisions included in the Healthy, Hunger-Free Kids Act of 2010 take effect on October 1, 2010, except as otherwise specifically provided in this Act or any of the amendments made by this Act.

ADDITIONAL, SUPPLEMENTAL, OR MINORITY VIEWS

ADDITIONAL VIEWS OF SENATORS CHAMBLISS, GRASSLEY, ROBERTS, THUNE, AND JOHANNS

While we were pleased the committee was able to unanimously report the Healthy, Hunger-Free Kids Act of 2010, we remain concerned about using funding from the Environmental Quality Incentives Program (EQIP) as an offset for this bill. EQIP is highly popular and widely used by farmers, ranchers and private forest landowners. It is so popular it had $1.3 billion is unfunded applications in fiscal year 2009.

EQIP was created to help producers comply with local, state and federal environmental regulations. It has successfully met this goal. For example, in fiscal year 2009, EQIP was used to develop more than 2,000 comprehensive nutrient management plans. These plans are used by livestock producers to comply with the Environmental Protection Agency's (EPA) Concentrated Animal Feeding Operation regulation.

Unfortunately, agriculture is facing many new environmental regulations from EPA. For example, the agency has proposed a new, unworkable regulation regarding drift from pesticide applications. EPA also wants farmers and ranchers to get permits to control the greenhouse gas emissions attributed to their operations. Further, the agency is planning to require producers to get duplicative permits under the Clean Water Act in order to apply pesticides.

The Administration argues that the cuts to EQIP will have no practical effect on the ground. This is not accurate. The cut will mean fewer producers will receive assistance to address the conservation and environmental challenges they face. We believe this is not a good time to reduce assistance available to producers to deal with current challenges and future regulations required by EPA.

SUPPLEMENTAL VIEWS OF SENATOR GILLIBRAND

I would like to take this opportunity to state my support of the strongest possible child nutrition reauthorization bill. This is especially important considering that in a recent report the USDA found that 16 percent of households with children reported food insecurity. Alongside this deprivation, we are also witnessing an obesity rate that is skyrocketing. Currently 17 percent of young children are obese. A recent report by the Centers for Disease and Control estimates that obesity enacts nearly $150 billion a year in increased health care costs and lost productivity for our nation.

President Obama has identified his priority in working with Congress to significantly increase funding for child nutrition programs. The administration has proposed an increase of $10 billion, which

would help make necessary and urgent strides towards improving quality and access to nutritious food for our nation's neediest children. I support the President's target.

I would also like to take this opportunity to state my position on the urgent need to ban trans fats from school lunches. Many schools still serve foods containing artificially created trans fats, an artery clogging product originally used to extend the shelf life of food, provide texture and decrease cost. The American Heart Association recommends that an individual should have, at most, 2 grams of trans fats a day. Small amounts of trans fats occur naturally in meat and dairy products, so a typical diet leaves virtually no room for artificial trans fats. Although a person may not get heart disease until they are in their 40s, research by the University of Maryland has shown that kids as young as 8, 9 and 10 already have the high cholesterol and blood fats that clog arteries. The American Heart Association states that trans fats cost this country $500 million per year, and the New England Journal of Medicine reports that 6–19% less heart attacks would occur each year if trans fats were banned. Currently, there are no trans fat guidelines or requirements for the School Meal Programs, and this is harming our children's health. The time is now for USDA to remove artificial trans fats from school lunches.

I am also concerned with the SNAP-Ed program offset since it would eliminate federal government matching for state funded nutrition education activities. Nutrition education is an essential component of promoting healthy eating and living for today's children, which are the future of our country. We cannot afford to maintain our current obesity rates, which currently cost this country $150 billion per year. Just as our obesity rates are rising, these associated costs are rising. This vital component of the food stamp program helps families gain more control over their lives, and promotes good behaviors that can reduce obesity and other diet-related disease. We need to invest in nutrition today, to save our nation's health and dollars in the future.

SUPPLEMENTAL VIEWS OF SENATORS GILLIBRAND AND STABENOW

EQIP is a highly popular program that is widely used by farmers, ranchers and forest landowners nationwide. The fact that there were $1.3 billion in unfunded applications in 2009 is testament to the program's potential in conserving our nation's agricultural lands and private forests. This voluntary program helps farmers improve air quality, forest health, grazing lands health, groundwater quality, wildlife habitat, plant population health, soil quality, surface water quality, water quantity, wetlands health, and provides other invaluable benefits. The community health benefits of maintaining clean recreational space, the economic benefits of keeping our agricultural community thriving, and the urban/rural benefits of clean watersheds for safe drinking water should not be sacrificed. We do not support the precedent of using conservation funds as a bank account to pay for other projects.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that, in its opinion, it is necessary to dispense with the requirements of that paragraph in order to expedite the business of the Senate.

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