

COMMITTEE REPORT
SENATE

FURTHER:

5/1/85

Date 3/24/86

Mr. President

The Committee on FINANCE considered HJR 34

urging Congress to maintain the current level of federal funding for child nutrition programs.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- SEC
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Bob Hall

Frank Lautenberg

William Roth

Frank Lautenberg

Chairman

Bob Hall

Chairman recommendation

Introduced: 5/1/85
Referred: Judiciary

1 IN THE HOUSE

BY MARROU

2

HOUSE CONCURRENT RESOLUTION NO. 34

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

Proposing an amendment to Rule 37 of the

6

Uniform Rules of the Alaska State Legis-

7

lature relating to introduction of bills

8

by committees.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. Rule 37(a) of the Uniform Rules of the Alaska State Legis-
11 lature is amended to read:

12 (a) Any member, group of members or, if introduction of each
13 specific bill is authorized by an affirmative vote of a majority of
14 the full membership of the committee, any [,] standing, special, or
15 joint committee may introduce a bill, subject to the provisions of
16 these Uniform Rules. A bill must be introduced, in proper form as
17 approved by the enrolling secretary of the legislature, with the
18 original and two carbon copies delivered to the chief clerk or
19 secretary. The bill is then assigned a number which it retains
20 through subsequent changes and substitutions. The bill is considered
21 formally introduced when the clerk or secretary reads the heading and
22 title aloud in open session (first reading). Bills may be introduced
23 through the Rules Committees by the governor and the permanent interim
24 committees pursuant to provisions of law.

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : HJR 34
 Title : Urging Congress to maintain the current level of funding for child nutrition programs
 Sponsor : Koponen, et al
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : All
 BRU : _____

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS :

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : _____
 Division : Senator Jan Faiks, Co-chairman
Senate Finance Committee

Phone : 465-4523
 Date : 3/19/86

Approved by Commissioner : _____
 Agency : _____

Date : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Introduced: 4/9/85
Referred: Health, Education &
Social Services

BY KOPONEN, BOUCHER, DAVIS,
DUNCAN, GOLL, GRUENBERG,
M.M. MILLER, PIGNALBERI,
GRUSSENDORF, HURLEY AND
BINKLEY

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 34

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

Urging Congress to maintain the current

6

level of federal funding for child

7

nutrition programs.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

WHEREAS the child nutrition programs in the state serve a wide range
10 of children from all economic backgrounds; and

11

WHEREAS good nutrition is essential to the growth, development, learn-
12 ing, and general well being of children; and

13

WHEREAS the April 1983, National Evaluation of School Nutrition Pro-
14 grams indicated that students who participate in school lunch programs are
15 better nourished than children who do not participate in school lunch
16 programs; and

17

WHEREAS seven affiliated organizations within the state have adopted
18 the Alaska State Nutrition Committee's School Lunch Resolution of January
19 1984, and this resolution emphasizes the importance of good nutrition; and

20

WHEREAS participation in child nutrition programs is increasing in the
21 state; and

22

WHEREAS the cost of the state's child nutrition programs is also
23 increasing; and

24

WHEREAS approval of the projected cuts in federal funding for child
25 nutrition programs will jeopardize the continuation of the present lunch
26 programs in the state; and

27

WHEREAS the projected federal funding cuts, representing more than a
28 30 percent reduction from the current funding level of the cash reimburse-
29 ments for state child nutrition programs, will adversely affect the quality

1 of the existing child nutrition programs and the ability of the state to
2 maintain these programs;

3 BE IT RESOLVED by the Alaska State Legislature that it urges the
4 United States Congress to maintain the present level of federal funding for
5 child nutrition programs throughout the country.

6 COPIES of this resolution shall be sent to the Honorable Ronald
7 Reagan, President of the United States; to the Honorable George Bush,
8 Vice-President of the United States and President of the U.S. Senate; to
9 the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; to
10 the Honorable Thomas P. O'Neill, Jr., Speaker of the U.S. House of Repre-
11 sentatives; and to the Honorable Ted Stevens and the Honorable Frank
12 Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative,
13 members of the Alaska delegation in Congress.

ANALYSIS FOR HOUSE JOINT RESOLUTION 34

Urging Congress to maintain the current level of federal funding for child nutrition programs

Because projected federal funding for child nutrition programs are to be reduced by at least 30%, this resolution urges the United States Congress to maintain the current level of federal funding for child nutrition programs.

There is no fiscal impact.

SFC-86
HJR 34
3/20/86

SCHOOL DISTRICTS SERVING LESS THAN 30% FREE & REDUCED PRICE MEALS

October 1985

	<u>Percentage of Free & Reduced</u>	<u>Average Daily Participation</u>	<u>Number of Sites</u>	<u>Reimbursement FY85</u>	
				<u>Paid Meals</u>	<u>F&RP Meals</u>
Adak	29	272	2	\$8,774	\$17,397
Bristol Bay	8	150	2	4,608	4,617
Cordova	22	162	2	5,004	12,458
Craig	29	88	2	3,325	18,469
Galena	23	103	2	3,920	6,364
Ketchikan	26	757	5	26,207	66,118
Nenana	22	108	2	4,089	7,558
Nome	21.5	400	2	13,548	30,264
Sitka	21	834	5	27,153	46,393
Unalaska	25	83	2	2,846	6,689
Valdez	26	389	5	18,010	39,504
Yakutat	28	145	3	4,792	19,774
TOTAL		3491	34	\$122,276	\$275,606

TOTALS OF THE ABOVE Predicted to Drop Child Nutrition Programs in Alaska

12 School Districts
3491 Children
34 Schools

0110M 0010M jce

CHILD CARE CENTERS SERVING LESS THAN 30% FREE AND REDUCED PRICE MEALS
October 1985

	<u>Percentage of Free & Reduced</u>	<u>Average Daily Participation</u>	<u>Number of Sites</u>	<u>Reimbursement FY85</u>
Bayshore (Anchorage)	6	29	1	\$3,210
Bethel Social Service	19	50	2	12,686
Butterfly (Anchorage)	17	32	1,	3,036
Carousel (Anchorage)	23	226	4	38,408
Chugiak	24.5	60	1	7,774
Ft. Richardson	16.5	253	3	25,873
Hillcrest (Anchorage)	5	67	1	4,797
Childrens Community (Juneau)	28	28	1	9,869
Joy (Eagle River)	8	79	1	3,944
Kotzebue	13.5	55	1	4,655
Little Bears (Girdwood)	6.5	16	1	4,590
Little Red Schoolhouse (Anch)	6.5	394	4	32,494
Nome	11.5	30	1	6,560
Parkstrip (Anchorage)	28.5	120	1	40,602
Play & Learn (Anchorage)	16.5	128	3	25,851
Ptarmigan (Valdez)	0	28	1	1,040
Naanquag (Dillingham)	28.5	50	1	27,936 *
St. Ann's (Juneau)	29.5	80	1	7,963
St. Jude (Juneau)	23	43	1	11,733
Small World (Kodiak)	8	63	2	12,805
Tanaina (Anchorage)	11.5	50	1	15,216
Wee Willie Winkle (Anchorage)	26.5	30	1	5,854
Wesleyan (Anchorage)	18	28	1	
TOTAL		1939	35	\$306,897

TOTALS OF THE ABOVE predicted to drop Child Nutrition Programs

23 Centers
35 Sites
1939 Children

* New in '86

The American School Food Service Association 1986 Legislative Issue Paper

WHEREAS, the President has proposed \$775 million in child nutrition budget cuts as a part of the 1987 budget;

WHEREAS, the Omnibus Reconciliation Act of 1981 has reduced federal funding for child nutrition by over \$5.2 billion since that time;

WHEREAS, the Senate agreed on May 9, 1985 to an amendment by Senator Paula Hawkins eliminating all cuts in child nutrition after refusing to table the amendment by a vote of 60-36;

WHEREAS, the 1986 budget resolution as passed by the Congress provided \$100 million in child nutrition funding above current services;

WHEREAS, on September 18, 1985 the House rejected any cuts in child nutrition and by a vote of 367-59 agreed to H.R. 7 reauthorizing the expiring child nutrition programs and making other improvements in the child nutrition programs;

WHEREAS, on November 22, 1985, the Senate passed H.R. 7 as amended without any budget cuts; and

WHEREAS, Gramm-Rudman exempted child nutrition programs from any budget cuts;

THE AMERICAN SCHOOL FOOD SERVICE ASSOCIATION HEREBY ADOPTS THE FOLLOWING LEGISLATIVE POSITIONS FOR 1986:

GENERAL ASSISTANCE SUPPORT

1a. ASFSA strongly opposes the elimination of cash and commodity support to schools based upon the participation of students with family income above 185 percent of the poverty line. This proposal would lower the federal subsidy by 25¢ (cents) per meal for approximately half of all lunches served nationwide and would, therefore, jeopardize the very existence of the National School Lunch Program.

The rationale for the Administration's proposal is that this support is an "upper income subsidy" and cannot be justified. The characterization of federal support received by local schools under Section 4 of the National School Lunch Act as an "upper income subsidy" indicates a lack of understanding of how the program operates at the local level, how the funds are used, and of the differences between the school lunch program and a welfare program.

The so-called "high income subsidy" is not a transfer payment to individuals but is a grant-in-aid to schools to support the basic infrastructure of the school lunch program. Without this support many school districts could not afford to participate in the National School Lunch Program, thereby depriving all children in the community, including poor children, of the nutritional value of the program.

It is estimated that 5 to 8 million children and 10,000 to 15,000 schools would be forced from the National School Lunch Program if this support were eliminated.

1b. As part of its proposal to eliminate school lunch general assistance, the Administration is seeking to lower the reimbursement rate for free and reduced-price lunches by approximately 12¢ (cents) and substitute USDA commodities for this cash support. While this proposal would maintain the current level of total commodity purchases nationwide, the restructuring of the nature of the federal support for free and reduced-price school lunches will cause major disruptions at the local level.

H.R. 7

2. Recognizing that H.R. 7 is in Conference, ASFSA supports H.R. 7 as passed by the House 367-59 on September 18, 1985. Of particular importance is the provision that would increase the reimbursement for the breakfast program by 6¢ per meal. The USDA *National Evaluation of School Nutrition Programs* identified certain deficiencies in the school breakfast meal pattern. This provision is intended to improve the nutritional value of the school breakfast program consistent with the USDA study.

An additional priority to ASFSA is the "Jeffords" amendments on competitive foods.

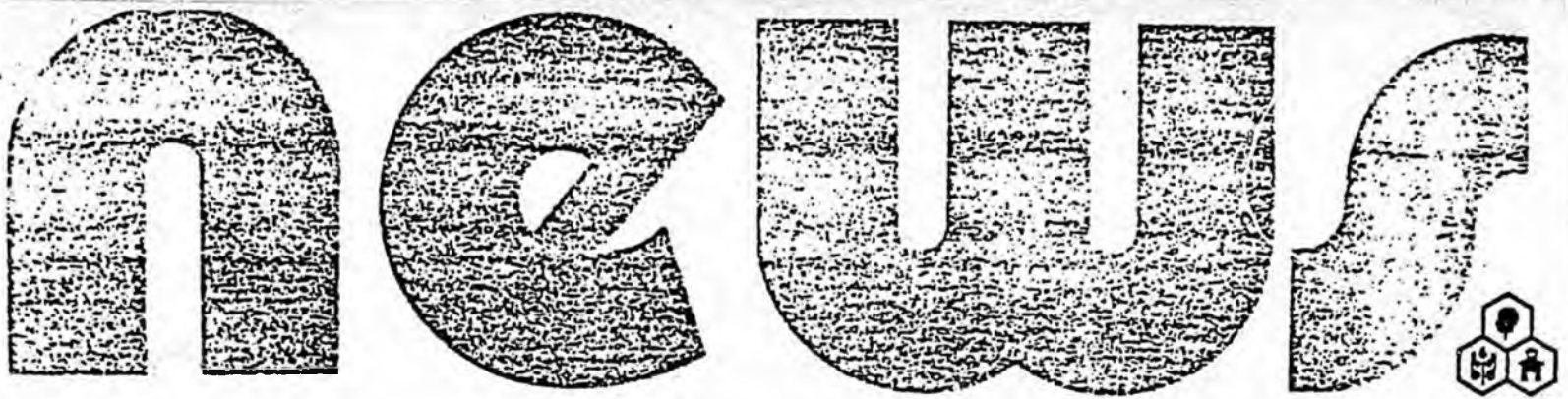
NATIONAL COMMODITY PROCESSING

3. ASFSA supports, as an indispensable element of the commodity program, the National Commodity Processing (NCP) program as long as there are "bonus" commodities. NCP should work in conjunction with state processing (where it exists) so that schools throughout the country may derive the full benefits of the Program. The Food Security Act of 1985 (farm bill) extends NCP until June 30, 1987. ASFSA favors a continuation beyond that time.

CHILD CARE FOOD PROGRAM

4. ASFSA supports the continuation of the Child Care Food Program as currently authorized. Additional eligibility qualifications should not be incorporated until proven cost effective.

(more)



American School Food Service Association

4101 East Iliff Avenue • Denver, Colorado 80222 • (303) 757-8555

Contact:

For Release
February 5, 1986

Marshall L. Matz
(202) 861-1234

SCHOOL LUNCH PROPOSAL TO ELIMINATE PROGRAM IN MANY SCHOOLS

The 1987 budget proposal by the Reagan Administration to significantly reduce federal support for the National School Lunch Program will place over 40,000 schools at risk of dropping from the program. "If such school dropout occurs, all children, including poor children receiving a free or reduced price meal, would lose access to the program," according to Ms. Gene White, the Legislative Chairman of the American School Food Service Association. Conservatively, ASFSA believes that 10,000-15,000 schools, and 5 - 8 million children will be forced from the school lunch program under the proposal.

The proposed budget cut represents a potential reduction of 24¢ per meal in federal support for approximately one-half of the meals served in the program. In 1981 the per meal school lunch reimbursement was cut by 11¢, and some 3 million children were forced from the program. "The characterization by the Administration that the proposal simply eliminates a 'high income subsidy' is not accurate" according to White. The so-called high income subsidy is not a transfer payment to individuals but a grant-in-aid to schools to support the basic infrastructure of the school lunch program. Without this support, many school districts could not afford to participate in the National School Lunch Program.

The Administration's proposal is the same proposal made last year but rejected by the Congress after the Library of Congress issued an analysis indicating that approximately 44,000 schools throughout the country, with over 12 million students participating in the program, had over 60% "paid lunches" and therefore were at risk of dropping the program.

Attached is the Library of Congress study.



Congressional Research Service
The Library of Congress

Washington, D.C. 20540

February 5, 1985

TO : House Elementary, Secondary and Vocational Education
Subcommittee
Attention: Jack Jennings

FROM : Jean Yavis Jones
Specialist in Social Legislation
Education and Public Welfare Division

SUBJECT : Participation Response in the School Lunch Program if Subsidies are
Eliminated for Meals Served to Non-poor Children

In response to your and Mary Jane Fiske's request, we have contacted the U.S. Department of Agriculture (USDA), Food and Nutrition Service, and looked at USDA data from the National evaluation of school food programs (NESFP) to see if information is available to estimate participation drop-out if paid lunch subsidies were eliminated. The study data includes some useful information on participation response to subsidy reductions, as well as distributions of children in and schools with large percentages of paid lunches.

According to USDA, there is a correlation of .8 percent participation reduction for each one-cent reduction in the paid lunch subsidy. Using this correlation, the elimination of the projected 24.75 cents in cash and commodity subsidies for paid lunches would translate to a 19.8 percent reduction in participation. Using current participation data (FY 1984), this translates to 2.31 million paid lunch children dropping out of the school lunch program if paid subsidies were eliminated.

This does not, however, account for the number of children (paid, free and reduced price recipients) who might lose program benefits if schools stopped participating in the program because of the elimination of the paid subsidy.

Unfortunately, the NESFP did not examine the factors affecting schools decisions to participate (or not participate) in the program and the USDA has no data on this subject. Consequently there is no definitive way of estimating the number of children who might lose the program's benefits if schools decided to stop participating because of the loss of the paid lunch subsidy.

The NESFP did however look at the distributions of children and schools by proportion of free and reduced price meals (and conversely, paid meals) served (see Attachment A). This data provides guidance about schools receiving various proportions of paid lunch subsidies and the children in these schools. Those schools with the highest proportion of paid lunches (or lowest proportion of free and reduced price lunches) will be most dramatically affected by the elimination of the paid subsidy, and thus, perhaps, at most risk of dropping from the program entirely. If such school drop-out occurs all of the children in the school would lose access to the program.

The decline in schools participating in the school lunch program after paid lunch subsidies were partially reduced in FY 1982 suggests that it is reasonable to assume that total elimination of paid subsidies would almost certainly result in some schools dropping the program.

For your convenience we have reversed the proportions shown in the enclosed USDA Attachment A to show proportions of paid lunches. We have also translated these percentages into estimates of numbers of schools and children based on FY 1984 school lunch program participation data.

Distribution of Schools, Enrolled Students and Participants.
By Percent of NSLP Paid Lunches a/

Paid Lunches Percentage		Schools	Program Participants	Students Enrolled
80 percent and over	Percent	20.95	23.43	24.44
	Estimated Number	17,900	5,521,748	9,889,000
60-79 percent	Percent	30.39	29.99	29.55
	Estimated Number	25,967	7,067,743	11,955,930
40-59 percent	Percent	19.18	17.45	18.02
	Estimated Number	16,388	4,112,442	7,290,892
20-39 percent	Percent	15.20	14.75	14.23
	Estimated Number	12,988	3,476,132	5,757,458
Less than 20 percent	Percent	14.28	14.37	13.76
	Estimated Number	12,202	3,386,579	5,567,296
TOTAL	Percent	100	100	100
	Estimated Number*	85,445	23,567,000	40,460,000

Source: Data is based on Attachment A of NESNP-1, Food and Nutrition Service and USDA--FNS/ACD/Accounts, Reports and Analysis Branch, National School Lunch Program--FY 1984. December 13, 1984 Data run.

* May not total due to rounding.

Unfortunately, the USDA data available does not provide breakdowns on the proportions of paid, free and reduced price meal eligible children--so it does not answer your question about how many low-income children (i.e., free and reduced price participants) there are in such high risk schools. In the case of schools

where 80 percent or more lunches are "paid" we can only say that no more than 20 percent are receiving free and reduced price lunches.

We hope this information will be of assistance.

.Attachment

cc: Mary Jane Fiske

ATTACHMENT A

Distribution of Schools, Students and Participants
By Percent of NSLP Lunches Served Free or Reduced Price

Table 1 (NESNP-1)

Percent of NSLP Lunches Served Free or Reduced Price	Percent of Schools	Percent of Students*	Percent of NSLP Lunches**	Percent of SBP Breakfasts
20% and under	(20.95)	(24.44)	(23.43)	(4.3)
21% - 40%	(30.39)	(29.55)	(29.99)	(12.38)
41% - 60%	(19.18)	(18.02)	(17.45)	(16.56)
61% - 80%	(15.20)	(14.23)	(14.75)	(26.36)
Over 80%	(14.28)	(13.76)	(14.37)	(40.38)
All	100.00	100.00	100.00	100.00

Source: Food and Nutrition Service, U.S. Department of Agriculture National Evaluation of School Nutrition Programs - 1 (1983)

* Means percent of students enrolled in those schools.
** Means participants.

MEMORANDUM

State of Alaska

TO: Lisa McLaren, House HESS Committee
Representative Koponen's Office
Alaska State Legislature

DATE: February 27, 1986

FILE NO.: 0051M

THRU: Mary Hakala, Special Assistant

TELEPHONE NO.: 465-2865

SUBJECT: Proposed FY87 Federal Budget
Cuts for Child Nutrition
Programs

FROM: E. Ruth Benigno, R.D. *ERB*
Program Coordinator, Food Services
Educational Finance and Support Services

Attached are copies of President Reagan's proposed federal budget cuts for FY87, and other information explaining the impact of the cuts nationally and on a statewide basis in Alaska.

Looking at the total cuts proposed for all Child Nutrition Programs, there is a 17 percent cut for FY87 on a national level.

Assuming participation remains the same, the projected cuts in the Alaska School Feeding Programs are 25 percent and Child Care Food Programs in Centers are 31 percent. Please see attached worksheets.

For the Family Day Care Home Program there is no way to predict the cuts because we have no records of the income eligibility of the participants. If we assume that needy children in homes is the same percent as in centers, which is 32 percent, the Family Day Care Home Program will be virtually eliminated. (Home providers who care for five children will not remain in the program with only two children qualifying for meal reimbursement.)

The Child Care Centers with a high percentage of paid meals will not find it beneficial to continue participation.

Schools will be forced to raise prices 20-25 cents for a paid meal. Nationally, a one percent decline in participation is evidenced for every one cent increase in price.

A district-by-district and center-by-center analysis will be completed approximately March first and copies will be provided to you. This is an endeavor to predict declines in participation by school district and child care center.

Attachments
ERB:jce

ADMINISTRATION'S PROPOSED BUDGET CUTS
Fiscal Year 1987

1. National School Lunch Program

a. Eliminate cash and commodities attributable to students above 185% of the poverty line.

b. Increase commodity rate to 24¢/meal for students below 185% of poverty and lower cash rate by 12¢/meal.

2. School Breakfast Program

Eliminate cash and commodities attributable to students above 185% of the poverty line.

3. Child Care Food Program

a. Eliminate cash and commodities attributable to children above 185% of the poverty line.

b. Increase commodity rate to 24¢/meal for children below 185% of poverty and lower cash rate by 12¢/meal.

c. Eliminate special funding for audits.

d. Require means test for family day care homes.

4. Nutrition Education and Training

Eliminate N.E.T. effective October 1, 1986.

5. Summer Food Service Program for Children

a. Eliminate reimbursement for administration.

b. Lower reimbursements rate to the same as that for meals in national school lunch program.

6. State Administrative Expense Funding

Lower budget authority by \$19.6 million to recoup increased appropriation.

7. Special Milk

Eliminate program for children over 130% of poverty line.

Total cut is \$775 million below current law.

SCHOOL FEEDING PROGRAMS - LUNCH, BREAKFAST, MILK
WORKSHEET TO PROJECT EFFECT OF PROPOSED FEDERAL FY87 BUDGET CUTS

1. Number of lunches served to paying children in FY85.	3,564.46
2. Times reimbursement.	X .20
3. Sub-total.	\$(721,804)
4. Number of meals <u>1,337,820</u> times extra two cents.	(26,756)
5. TOTAL estimated section 4 reimbursement lost from the paying child.	\$(748,560)
6. Number of breakfasts served to paying children in FY85.	70,740
7. Times reimbursement.	\$ X .16
8. TOTAL estimated breakfast reimbursement lost.	\$(11,320)
9. Number of lunches served to paying children in FY85 (same figure as #1).	3,564.46
10. Times entitlement for commodities.	X .11
11. TOTAL value of USDA Commodities lost for paying child.	\$(418,825)
12. Number Free and Reduced lunches served in FY85.	2,685.58
13. Times proposed decrease in reimbursement.	X .19
14. TOTAL decrease in F & RP cash reimbursement.	\$(523,688)
15. Number F & RP lunches served in FY85 (same number as #10).	2,685.58
16. Times value of Commodity entitlement.	X .12
17. Increase in value of Commodity entitlement.	\$ 328,984
18. TOTAL federal cash reimbursement in FY85 (lunch, breakfast).	\$16,604.09
19. Times usual 4 percent cost of living increase.	X .04
20. TOTAL revenue lost due to no cost of living increase.	\$(264,164)
21. Number of half-pint milk served to paying child.	215,440
22. Times reimbursement.	X .09
23. TOTAL reimbursement lost for Special Milk Program.	\$(20,467)

SUMMARY	FOOD	\$ CASH
Line 5		(748,560)
Line 8		(11,320)
Line 11	<u>(418,825)</u>	
Line 14		(523,688)
Line 17	<u>328,984</u>	
Line 20		(264,164)
Line 23		(20,467)

TOTAL NET LOSS due to proposed budget cuts. \$ (49,801) \$ (1,568,190)

This assumes that participation in FY85 and FY87 are the same.

25% ELL

* - Food not cash

(1,058,040)

11/14/86

CHILD CARE FOOD PROGRAM
WORKSHEET TO PROJECT EFFECT OF PROPOSED FY87 FEDERAL BUDGET CUTS

1. Number of lunches and suppers served to paying children in FY85.	380,108
2. Times reimbursement.	X .202
3. TOTAL estimated reimbursement lost from the paying child.	\$(76,972
4. Number of breakfasts served to paying children in FY85.	244,433
5. Times reimbursement.	\$ X .16
6. TOTAL estimated breakfast reimbursement lost.	\$(39,109
7. Number of lunches and suppers served in FY85 (same figure as #1).	380,108
8. Times entitlement for commodities or cash in lieu.	X .117
9. TOTAL value of USDA Commodities or cash in lieu lost for paying child.	\$(44,663
10. Number Free and Reduced lunches and suppers served in FY85.	201,894
11. Times proposed decrease in reimbursement.	X .195
12. TOTAL decrease in F & RP cash reimbursement.	\$(39,369
13. Number F & RP lunches and suppers served in FY85 (same number as #10).	201,894
14. Times value of Commodity entitlement.	X .122
15. Increase in value of Commodity entitlement.	\$ 24,732
16. Number paid supplements served in FY85.	430,245
17. Times reimbursement.	X .052
18. TOTAL decrease in paid supplement reimbursement.	\$(22,588
19. TOTAL federal cash reimbursement in FY85(lunch,supper,supplements,breakfast).	725,590
20. Times usual 4 percent cost of living increase.	X .04
21. TOTAL revenue lost due to no cost of living increase.	\$(29,024

SUMMARY	FOOD	CASH
Line 3		\$ (76,972
Line 6		(39,109
Line 9	(544,663)	
Line 12		(39,369
Line 15	24,723	
Line 18		(22,588
Line 21		(29,024

TOTAL NET LOSS due to proposed budget cuts. (19,931) + (207,062)

This assumes that participation in FY85 and FY87 are the same.

Total food services & care in lieu (226,993)

FAMILY DAY CARE HOME PROGRAM

Loss of 68 percent of reimbursement assuming number of needy children are the same percentage as in centers.

Actual FY 85 Food Service Reimbursement	\$1,185,772
Projected FY 87 Reimbursement with proposed cuts	379,447

0070M



U.S. DEPARTMENT OF AGRICULTURE

1987 BUDGET SUMMARY

FOOD AND NUTRITION SERVICE
Program Level
Fiscal Years 1985-1987

Program	1985 Actual	1986 Current Estimate	1987	
			Current Law	Proposed Legislation
(Dollars in Millions)				
Food Stamp Program	\$11,732.2	\$11,692.6	a/ \$12,001.0	\$11,687.7
Nutrition Assistance for Puerto Rico	825.0	820.0	825.0	825.0
Child Nutrition Programs:				
Cash Grants to States:				
School lunch program:				
Section 4	532.1	430.4	557.1	27.8
Section 11	2,127.6	2,210.3	2,356.0	2,372.8
School breakfast	407.0	409.9	436.4	414.1
State administrative expenses ...	46.9	48.9	51.2	51.2
Summer food	115.1	121.9	132.7	111.7
Child care food	434.9	483.5	541.7	338.1
Total, Cash Grants to States ..	3,663.6	3,704.9	4,075.1	3,315.7
Commodities	475.2	511.8	501.8	510.7
Nutrition studies and surveys	2.5	2.4	2.5	2.5
Nutrition education and training	5.0	5.0	5.0	- -
Total, Child Nutrition Programs	4,146.3	4,224.1c/	4,584.4	3,828.9
Special Milk Program.....	15.5	13.1c/	16.3	1.4
Special Supplemental Food Programs:				
WIC	1,504.2	1,560.1	1,617.0	1,617.0
CSFP	38.1	40.8	38.6	38.6
Total, Special Supplemental Food Programs	1,542.3	1,600.9	1,655.6	1,655.6
Cash and Commodities for Selected Groups:				
Needy Family Program	51.8	52.9	55.3	55.3
Nutrition Program for the Elderly	120.8	125.9	132.0	132.0
Total, Cash and Commodities for Selected Groups	172.6	178.8	187.3	187.3
Temporary Emergency Food Assistance Program	56.8	47.6	- -	- -
Food Program Administration	84.2	78.5	86.1	86.1
Total, Food and Nutrition Service	<u>18,574.9</u>	<u>18,655.6</u>	<u>19,355.7</u>	<u>18,272.0</u>

a/ Reflects effect of legislation to be proposed to save \$69 million by repealing certain provisions of the Food Security Act of 1985 which are to become effective May 1, 1986.

b/ This amount will be offset by funds States are allowed to carry over for a savings of \$19.6 million.

c/ Reflects effect of legislation to be proposed to eliminate the Federal subsidy to non-needy participants in the Child Nutrition (\$66.6 million) and Special Milk Programs (\$3.5 million) for a savings of \$70.1 million.

FOOD AND NUTRITION SERVICE (FNS)

The Food and Nutrition Service, through State and local agencies, administers a number of programs which provide food assistance to individuals. FNS programs are designed to meet family food needs, the food needs of individuals with special nutritional requirements, and the food needs of persons in certain institutional settings. Programs administered by FNS include the Food Stamp Program; Nutrition Assistance for Puerto Rico; Child Nutrition Programs; Special Milk Program; Special Supplemental Food Programs; Cash and Commodities for Selected Groups; and Temporary Emergency Food Assistance Program.

Food Stamp Program. The Food Stamp Program allows needy households to obtain a more nutritious diet by providing coupons to enable them to purchase food at retail stores. One-hundred percent of benefit costs and over 50 percent of administrative costs are borne by the Federal Government. State and local governments are responsible for receiving and processing applications, as well as ensuring that the correct amount of benefits are issued to eligible households. States with overissuance errors in excess of legislatively determined levels are required to pay for a portion of the loss to the Federal Government.

For 1987, the Administration is requesting a program level of \$11.7 billion for the Food Stamp Program. A slight reduction in participation is expected based on a lower projected level of unemployment and legislation proposed in 1987. Under current law, program costs would increase to \$12 billion due to a projected increase in the cost of the Thrifty Food Plan and expanded eligibility requirements.

However, Federal costs in 1987 will be held to about the 1986 level because savings of \$350.3 million are anticipated based on the following proposed program changes:

- Hold States liable for the full dollar value of erroneously issued benefits above a tolerance level of five percent. Under current law, the States are held liable for only a fraction of their erroneous issuances above five percent. Implementation of this proposal would encourage the States to invest in error prevention and would result in savings of \$11 million in 1987.
- Make the rules regarding the treatment of cash utility assistance consistent with assistance provided through vouchers. Under current law, if a household's utility expenses are paid by a third party (vendor payment), only that portion of the household's utility expense that it pays itself can be considered as a household utility expense in calculating the excess shelter deduction. However, if a household receives cash assistance intended to help the household pay its utility expense, the entire utility expense, whether paid from the cash assistance received or the household's own resources, may be counted in the calculation of the excess shelter deduction. This proposal would prohibit counting expenses paid through cash assistance from being counted in calculating a household's excess shelter deduction. The Food Stamp Act prohibits counting energy assistance as income to the household. Allowing households to count all of its utility expenses, even those reimbursed through either a cash or a third party (vendor payment), as a utility expense is a "double benefit" to households. The proposal would save \$68 million in 1987.

- Count stipends as well as the earnings of Job Training Partnership Act (JTPA) participants as income. The Food Security Act of 1985 (Public Law 99-198) requires that earnings provided under JTPA be counted as income. Requiring that stipends also be counted as income would save \$10 million in 1987.
- Amend the State administrative funding formula. The proposal would retain the current 50 percent match provision, but would make the following changes:
 - States with average per recipient administrative expenses in excess of 175 percent of the national average would receive 25 percent Federal match for that portion of expenses in excess of 175 percent.
 - Special matches for anti-fraud and automated data processing activities would be gradually reduced from the current 75/25 Federal/State basis to a 50/50 basis.

This proposal would save \$6.3 million in 1987.

- Propose the repeal, as of May 1, 1986, of several provisions enacted under the Food Security Act of 1985 which expand program eligibility. The following provisions are being proposed for repeal:
 - Increase in the assets limit. On May 1, the limit on assets for most households will be raised from \$1,500 to \$2,000.
 - Increase in the earnings deduction. The earned income deduction, currently set at 18 percent, will rise to 20 percent on May 1.
 - Separation of the dependent care/excess shelter deduction into two deductions.
 - Increase the maximum limit of both the dependent care deduction and the excess shelter deduction.

Repealing the above provisions will save \$69 million in 1986, \$189 million in 1987, and \$230 million in 1988.

- Require that States implement a universal work requirement for employable applicants and recipients. The work requirement can consist of job search, Community Work Experience Program (CWEP), or other types of employment and training activities. All employable applicants and recipients would be required to participate in at least one of the employment or training programs. This proposal is expected to result in net program savings of \$66 million because some applicants or recipients will either find paid employment through employment and training programs or be determined ineligible because they choose not to comply with the work requirements.

The proposed program changes noted above will be partially offset by an increase of \$37 million in 1987 due to proposed legislation affecting the Aid to Families with Dependent Children (AFDC) program.

Nutrition Assistance for Puerto Rico. Through a grant of \$825 million, this program provides assistance to the Commonwealth of Puerto Rico for food assistance to low-income households. The Secretary must review and approve the Commonwealth's annual plan of operation.

Child Nutrition Programs. Federal assistance in the form of cash and commodities is provided through State agencies to schools, institutions, day care centers and family day care homes to prepare and serve meals to children. The 1986 funding level is \$4.2 billion. The 1987 request is \$3.8 billion, \$775 million less than the 1987 current law estimate and \$395 million less than the 1986 estimate. The 1987 request is the result of the following proposals:

-- Eliminate cash and commodity subsidies for meals served to non-needy children in the School Lunch, School Breakfast and Child Care Food Programs. This proposal would eliminate subsidies for meals served to children from families with incomes above 185 percent of the poverty level. Proposed legislation would also include a means test for participants in Family Day Care Homes since currently all meals in these homes are subsidized at the same rate regardless of family income. The proposal would be effective on July 1, 1986, in schools and on October 1, 1986, in the Child Care Food Program. This proposal provides approximately \$721.7 million in savings for 1987.

Note: Cash and commodity subsidies for free and reduced price meals will be adjusted so that commodities will continue to be purchased for donation to the Child Nutrition Programs at the same level as under current services.

-- Eliminate special per meal administrative reimbursement rates and modify the general per meal reimbursement rates in the Summer Food Service Program. This proposal would make Summer Food Service Program rates comparable to those for free meals in the School Lunch, School Breakfast, and Child Care Food Programs. This proposal provides approximately \$21.0 million in savings for 1987.

-- Eliminate the Nutrition Education and Training (NET) Program.

-- Eliminate the special fund for State Child Care Food Program audits. The Uniform Single Audit Act of 1984 requires organization-wide audits for organizations receiving Federal funds, making obsolete special funding provisions, originally set up for States to conduct program specific audits. This proposal provides approximately \$7.9 million in savings.

-- Offset, for 1987 only, the State Administrative Expenses (SAE) by the amount of carryover. States are allowed under current law to carryover unspent SAE funds from the year appropriated into the following year. A recent study has shown that SAE carryover has grown to about 40 percent of appropriated funds. This proposal will provide approximately \$19.6 million in savings.

School Lunch and School Breakfast Programs
Participation and Federal Subsidies

	<u>Daily Average Participation</u>			<u>Federal Subsidy</u>		
	<u>1986</u>	<u>1987</u>		<u>1986</u>	<u>1987</u>	
		<u>Existing</u>	<u>Proposed</u>		<u>Existing</u>	<u>Proposed</u>
	(Thousands)			(¢ per meal)		
<u>School Lunch Program:</u>						
1. Students from families above 185% of poverty (above \$19,703 per year for a family of 4)	11,964	12,187	- -	24.37	25.12	- -
2. Students from families between 130% and 185% of poverty (between \$13,845 and \$19,703 for a family of 4).....	1,582	1,612	1,612	102.83	108.92	108.92
3. Students from families below 130% of poverty (below \$13,845 for a family of 4)	10,103	10,741	10,741	142.98	149.09	149.09
<u>School Breakfast Program:</u>						
1. Students from families above 185% of poverty (above \$19,703 per year for a family of 4)	414	420	- -	9.84	10.34	- -
2. Students from families between 130% and 185% of poverty (between \$13,345 and \$19,703 for a family of 4)	74	81	81	45.11a/	48.44a/	48.44
3. Students from families below 130% of poverty (below \$13,845 for a family of 4)	2,345	2,489	2,489	73.43a/	79.69a/	79.69

a/ Reflects a weighted average of the Federal Subsidy for meals served in regular and severe need schools.

Special Milk Program. Through the Special Milk Program, the Department provides half-pints of milk to children in schools and institutions that do not participate in other Federal feeding programs. In 1987, the program will be funded at a level of \$1.4 million a decrease of \$11.7 million from the 1986 level of \$13.1 million. For 1987, legislation is being proposed to eliminate subsidies for milk served to children from families whose income exceeds 130 percent of poverty (\$13,845 for a family of four). The Department will continue to pay the full cost of milk served to children from families below 130 percent of poverty.

Special Supplemental Food Programs. The Special Supplemental Food Program for Women, Infants and Children (WIC) and the Commodity Supplemental Food Program (CSFP) provide nutritional assistance to pregnant and post-partum women, infants and children on the basis of financial and nutritional need. The WIC Program consists of cash grants to States, with assistance provided primarily in the form of State-issued vouchers that can be redeemed for specified foods at retail stores. The CSFP provides assistance in the form of commodities purchased or donated by USDA. The Federal Government also provides grants to States for administrative expenses.

In 1986, for WIC, total projected program funding of \$1.56 billion will provide assistance to approximately three million participants per month. In 1987, the Administration's proposal of \$1.62 billion for the WIC Program will also support about three million participants per month.

The proposed CSFP program level of \$40.8 million in 1986 and \$38.6 million in 1987 will support slightly over 140,000 participants per month in both years. In 1987, the Administration will continue to fund those elderly persons participating in CSFP during 1986. Further, the Administration is proposing to repeal the provision in the Food Security Act of 1985 requiring administrative funding be provided for commodities which are not part of the CSFP food package.

Cash and Commodities for Selected Groups. This program includes the Needy Family Program on Indian Reservations (NFPIR), the Food Distribution Program to residents of the Republic of Palau, a Trust Territory of the Pacific, and the Nutrition Program for the Elderly (NPE).

NFPIR and the Food Distribution Program for Palau are largely commodity programs; about 71 percent of program resources are used to purchase nutritious commodities. The remainder of program resources are used to pay administrative expenses incurred by distributing agencies.

For 1987, the Administration is proposing a program level of \$55.3 million for the NFPIR and the Trust Territory of the Pacific. This is a net increase of \$2.4 million over the 1986 program level and allows for inflationary increases in food costs, an increase in NFPIR participation, and an increase in administrative expenses. These increases are offset by a decrease in participation in the Trust Territory of the Pacific because the Compact of Free Association, which was signed on January 14, 1986, provides funding through other sources outside USDA for assistance to the Marshall Islands and the Federated States of Micronesia. The 1987 budget request reflects continuation of the program in Palau.

The NPE is predominantly a cash subsidy program with almost 96 percent of program resources used to make cash payments to meal providers. Meals are served to the elderly regardless of their financial circumstances.

For the NPE in 1986, funds will be held at the authorized level of \$125.9 million. A rescission will be requested for \$5.2 million. For 1987, the Administration plans to request \$132.0 million, the amount authorized.

Temporary Emergency Food Assistance Program. In 1986, the Department is providing \$50 million to help States pay for intrastate storage and distribution costs for donated Federal commodities. No funding is being requested for 1987.

Food Program Administration. Food Program Administration provides Federal oversight for the programs of the Food and Nutrition Service.

The recommended funding level for 1987 is \$86.1 million, a net increase of \$7.6 million over the 1986 level of \$78.5 million. This includes an increase of \$5.1 million for computer purchases.

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

4/23/85

Date 4-30-85

Mr. President

The Committee on HESS considered HJR 34 urging Congress to maintain the current level of federal funding for child nutrition programs.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
do pass with attached amendment(s)
replace with/or adopt CS for
new title
same title and recommends
and attached a "LETTER OF INTENT"
reports it back without recommendation
recommends referral to Committee

MEMBERS SIGNING DO PASS

Handwritten signatures of committee members who support the bill.

MEMBERS HAVING OTHER RECOMMENDATIONS

Blank lines for members with other recommendations.

Signature of the Chairman with the recommendation 'Do Pass'.