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Tracking Child Nutrition Reauthorization in the 114th Congress: An Overview

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Summary

The "child nutrition programs" (National School Lunch Program [NSLP] and certain other institutional food service programs) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) were last reauthorized by the Healthy, Hunger-Free Kids Act of 2010 (HHFKA, P.L. 111-296). Some of the authorities created or extended in the last reauthorization law expired on September 30, 2015, but the vast majority of operations and activities continue because appropriations laws continued funding.

In the 114th Congress, both committees of jurisdiction—the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Education and the Workforce—completed *markups* of reauthorization legislation but did not complete reauthorization. (At the final adjournment of a Congress, all legislation that has not yet been sent to the President dies. When the new Congress convenes, the formal legislative process must begin anew.)

Legislative activity in the 114th Congress, though historical, may provide helpful background for the 115th Congress. On January 20, 2016, by a unanimous voice vote, the Senate Committee on Agriculture, Nutrition, and Forestry voted to report its WIC and child nutrition reauthorization proposal, the Improving Child Nutrition Integrity and Access Act of 2016 (later introduced as S. 3136). On May 18, 2016, the House Committee on Education and the Workforce marked up its reauthorization proposal, the Improving Child Nutrition and Education Act of 2016 (H.R. 5003). The committee approved the bill, 20 to 14, largely along partisan lines.

While both proposals would have extended authorities and included many of the same policies, the House committee's proposal would have made three major policy changes to the school meals programs that are not in the Senate committee's proposal: (1) a demonstration project for up to three states to receive a block grant in lieu of funding from a number of open-ended child nutrition programs, (2) a higher threshold for school participation in the Community Eligibility Provision (CEP), and (3) increased reimbursement rates for the School Breakfast Program.

In other school meal policies, both proposals included different changes to school meal nutrition standards, including whole grain and sodium requirements. The proposals would both have revamped the current law procedures for the verification of household applications for free and reduced-price school meals.

The Senate and House committees' proposals would have piloted or expanded a number of alternatives for feeding low-income children during the summer months through the Summer Food Service Program (SFSP). Proposals would have streamlined SFSP with afterschool meals and snacks and created off-site alternatives to the congregate feeding site model. Both proposals included a continuation of the Summer Electronic Benefit Transfer (EBT) pilot, although the Senate committee would have expanded it and made it permanent.

The proposals are similar in their policy changes for the Child and Adult Care Food Program (CACFP) and the Farm to School Grant Program.

Both proposals would have expanded the types of snacks served through the Fresh Fruit and Vegetable Program. They would each have expanded offerings beyond fresh to frozen, dried, and canned, although the Senate committee's proposal would have done so in a more limited way.

Both proposals included a number of changes to Special Supplemental Nutrition program for Women, Infants, and Children (WIC) policy. Only the Senate committee would have raised the age of child eligibility and increased infant certification periods. Both proposed changes to income eligibility calculation, WIC-eligible foods policy, integrity of benefit redemption, transition to EBT, and competitive bidding for infant formula and foods.

The Congressional Budget Office (CBO) estimated that the Senate committee's proposal would have increased the deficit by $1.1 billion over 10 years (FY2016-FY2025) and that the House committee's proposal would have reduced the deficit by $67 million over 10 years (FY2017-FY2026).

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Introduction

The "child nutrition programs" (National School Lunch Program and certain other institutional food service programs) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) were last reauthorized in 2010. Some of the authorities created or extended in that last reauthorization law (Healthy, Hunger-Free Kids Act of 2010 [P.L. 111-296]) expired on September 30, 2015, but the vast majority of operations and activities continue because appropriations laws continued funding.

Despite efforts to complete the next child nutrition reauthorization during the 114th Congress, the legislation did not advance beyond committees.

Although the formal legislative process must begin anew with the new Congress, 114th Congress child nutrition reauthorization issues, proposals, and controversies may still influence policymaking in the new Congress; thus, background on these child nutrition reauthorization proposals may remain of interest. At the same time, regulations and initiatives implemented during the Obama Administration are a significant dimension to these programs' current law; transition to a Trump Administration may impact how the 115th Congress proposes changes to these laws.

The first part of this report ("Current Status of Program Operations") offers some basic background on the last (2010) reauthorization, its expiration, and the current status of program operations. The second part of the report ("114th Congress Senate and House Committees' Proposals") presents an overview of the 114th Congress Senate and House committees' proposals: legislative process, summary of selected provisions, and CBO cost estimates.

For more background on the programs' operations (such as eligibility rules, benefits, and services) or the 2010 reauthorization, see the following CRS products:

- CRS In Focus IF10266, *An Introduction to Child Nutrition Reauthorization*
- CRS Report R41354, *Child Nutrition and WIC Reauthorization: P.L. 111-296*
- CRS Report R43783, *School Meals Programs and Other USDA Child Nutrition Programs: A Primer*
- CRS Report R44115, *A Primer on WIC: The Special Supplemental Nutrition Program for Women, Infants, and Children*
- CRS Report R41354, *Child Nutrition and WIC Reauthorization: P.L. 111-296*

This report will track reauthorization activity in the 115th Congress.

Acronyms Used in This Report

CACFP: Child and Adult Care Food Program
CBO: Congressional Budget Office
CEP: Community Eligibility Provision
EBT: Electronic Benefit Transfer
FFVP: Fresh Fruit and Vegetable Program
FMNP: Farmers' Market Nutrition Program
FNS: Food and Nutrition Service
HHFKA: Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296)
ISP: Identified Student Percentage
LEA: Local Educational Agency

NSLP: National School Lunch Program
RCCI: Residential Child Care Institutions
SBP: School Breakfast Program
SEBTC: Summer Electronic Benefit Transfer for Children
SFSP: Summer Food Service Program
SY: School Year (begins July 1, ends June 30)
USDA: U.S. Department of Agriculture
WIC: Special Supplemental Nutrition Program for Women, Infants, and Children

Current Status of Program Operations

The "child nutrition programs" (National School Lunch Program [NSLP] and certain other institutional food service programs) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) are primarily authorized by two statutes, the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. 1751 et seq.) and the Child Nutrition Act of 1966 (codified at 42 U.S.C. 1771 et seq). These statutes and programs were last reauthorized by the Healthy, Hunger-Free Kids Act of 2010 (HHFKA, P.L. 111-296). Some of the authorities created or extended in the last reauthorization law expired on September 30, 2015.

As of the date of this report, Congress has not reauthorized the child nutrition and WIC programs, but the vast majority of operations and activities continue with funding provided by appropriations laws.[1] The FY2016 omnibus appropriation law (P.L. 114-113) provided continued funding and extended one expiring policy. Operations continued under the terms of FY2017 continuing resolutions (CRs), and currently continue under the FY2017 omnibus appropriations law (P.L. 115-31).[2] The FY2017 omnibus also extended several expiring policies.

A lapse in the reauthorization or extension of the HHFKA does not affect all activities equally:

- Most of the programs' authorities to operate are in statute permanently (i.e., without expiration dates). Also, many of the programs' authorizations of appropriations are permanent; these include NSLP, the School Breakfast Program (SBP), and the Child and Adult Care Food Program (CACFP). These programs with permanent authorizations of appropriations continue, without issue, with appropriated funding (currently provided by P.L. 115-31).
- However, a few pilot programs or temporary activities expire or sunset if the authorizing law is not amended. These include a California program to provide Summer Food Service Program (SFSP) snacks year-round, certain food safety audits, and preappropriated funds for a National Hunger Clearinghouse. Under the FY2017 omnibus, the preappropriated funding for the National Hunger Clearinghouse and the food safety authorities were extended. USDA has discontinued the SFSP pilot.[3]

[1] For further background, including a list of affected or potentially affected provisions, CRS has released a congressional memorandum. Congressional clients may request a copy from Randy Alison Aussenberg at raussenberg@crs.loc.gov.

[2] For more about the funding levels and anomalies for these programs, see CRS Report R44588, *Agriculture and Related Agencies: FY2017 Appropriations*, coordinated by Jim Monke.

[3] Based on December 2015 and January 2016 emails between CRS and USDA staff.

- A number of programs' authorizations of appropriations ended after September 30, 2015. These include SFSP, WIC, WIC Farmers' Market Nutrition Program (FMNP), and State Administrative Expenses. Programs with an expired authorization of appropriations can continue to operate so long as funding is provided. FY2016 appropriations law (P.L. 114-113) and the FY2017 CRs allowed these programs to continue to operate. Operations currently continue under the FY2017 omnibus appropriations law.

114th Congress Senate and House Committees' Proposals

The sections to follow describe the 114th Congress committee proposals: legislative history, selected provisions, and CBO cost estimates. Aspects of this now-historical information may be relevant for 115th Congress policymaking.

Legislative History

During the 114th Congress, committees of jurisdiction marked up child nutrition reauthorization bills. In 2016, both committees of jurisdiction—the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Education and the Workforce—completed reauthorization legislation: S. 3136 and H.R. 5003, respectively. Prior to the markups, the committees of jurisdiction had held related hearings.[4]

On January 20, 2016, by a unanimous voice vote, the Senate Committee on Agriculture, Nutrition, and Forestry voted to report its WIC and child nutrition reauthorization proposal.[5] Bipartisan approval of the committee's legislation, the Improving Child Nutrition Integrity and Access Act of 2016, was the 114th Congress's most significant first step toward reauthorizing the child nutrition and WIC programs. On July 6, 2016, Chairman Pat Roberts introduced this approved proposal as S. 3136.

On April 20, 2016, Representative Todd Rokita, chairman of the Subcommittee on Early Childhood, Elementary, and Secondary Education of the House Committee on Education and the Workforce, introduced the Improving Child Nutrition and Education Act of 2016 (H.R. 5003), a proposal to reauthorize WIC and the child nutrition programs. On May 18, 2016, the House Committee on Education and the Workforce marked up H.R. 5003, adopting an amendment in the nature of a substitute as well as five Member-offered amendments.[6] The committee approved the bill, 20 to 14, largely along partisan lines.[7] As in weeks prior to the markup, committee Republicans applauded and Democrats decried the bill's changes to current law.[8] On December 8,

[4] During the 114th Congress, the Senate committee held one hearing on WIC and/or child nutrition programs, and the House committee held four hearings on WIC and child nutrition programs. During the 113th Congress, the Senate committee held two hearings on WIC and/or child nutrition programs, and the House committee held one hearing on WIC and/or child nutrition programs. See the committee websites for further detail: http://www.agriculture.senate.gov/hearings; http://edworkforce.house.gov/calendar/list.aspx?EventTypeID=189.

[5] A copy of the legislation and related materials are posted on the Senate Committee on Agriculture, Nutrition, and Forestry website, http://www.agriculture.senate.gov/hearings/committee-print-improving-child-nutrition-integrity-and-access-act-of-2016.

[6] Markup documents are available at http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=400678.

[7] Republican Representative David Brat of Virginia voted against the bill along with Democrats.

[8] House Committee on Education and the Workforce Republicans, "Committee Approves Bill to Reauthorize, Improve (continued...)

2016, Chairman Kline submitted, together with minority views, committee report H.Rept. 114-852.

Before the end of the 114th Congress, the Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, announced the end of reauthorization negotiations.[9]

Summary of Selected Provisions

This section summarizes selected provisions of the Senate and House committees' proposals. Provisions are discussed thematically, by program. The versions of legislation summarized in this report are

- the Senate committee's legislation as the committee voted to report on January 20, 2016 (S. 3136); and
- the House committee's legislation, H.R. 5003, as the committee amended and voted to report on May 18, 2016.[10]

The summaries below do not provide all specifications for the policies discussed; see legislation for further detail. In particular, these summaries generally do not include the required timeline for USDA action, nor do they include reports to Congress. Please also note that agency rulemaking is often required or implied by the legislation; such rulemaking is likely to have added details or specifications.

Authorities Extended

The Senate committee's proposal would have extended the authorizations of appropriations of the Summer Food Service Program, WIC, WIC FMNP, and State Administrative Expenses through FY2020. (Other major programs—like NSLP and SBP—have a permanent authorization of programs.)

The Senate committee's proposal would also have continued some of the authorizing provisions that sunset after September 30, 2015. The Senate and House committees' proposals would have continued the California pilot and the food safety audit authorities, but they would not have continued the preappropriated funding for a National Hunger Clearinghouse.

The House committee's proposal included these same extensions, but used a different time period. While the Senate would have extended most programs for the period of FY2016 to FY2020, the House committee's bill would have extended for FY2017 through FY2021.

(...continued)

Child Nutrition Assistance," press release, May 18, 2016, http://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=400707; House Committee on Education and the Workforce Democrats, "Committee Republicans Pass Harmful Bill Restricting Access to Healthy School Meals," press release, May 18, 2016, https://democrats-edworkforce.house.gov/media/press-releases/-committee-republicans-pass-harmful-bill-restricting-access-to-healthy-school-meals.

[9] Senate Committee on Agriculture, Nutrition and Forestry, Majority, "Chairman Roberts' Statement on Child Nutrition Reauthorization Negotiations," press release, December 6, 2016, http://www.agriculture.senate.gov/newsroom/rep/press/release/chairman-roberts-statement-on-child-nutrition-reauthorization-negotiations-.

[10] As of the date of this report, the bills *as introduced* are available on http://www.congress.gov. The House committee's amendments—including an amendment in nature of a substitute that differs significantly from the introduced version—are available on the committee's website: http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=400678.

Block Grant Funding for Child Nutrition Programs

Under current law, most funding for child nutrition programs is open-ended, mandatory, and appropriated. Funds are provided in annual appropriations acts to fulfill the legal financial obligation established by the authorizing laws, but the level of spending is not controlled through the annual appropriations process; instead, it is derived from the benefit and eligibility criteria specified in the authorizing laws. In the case of the child nutrition programs (NSLP, SBP, CACFP, SFSP, Special Milk, and related activities), funding is not capped and fluctuates based largely on the reimbursement rates and the number of meals/snacks served (i.e., participation in the programs).

Under the Senate and House committees' reauthorization proposals, the open-ended, mandatory, and appropriated nature of child nutrition programs' funding would mostly have continued. However, the House committee's proposal (§109) included a demonstration project for up to three states to receive a block grant in place of the open-ended funding (though still mandatory and appropriated).[11] No such demonstration project was included in the Senate committee's proposal.

Under the House committee's proposal, up to three states would have received a fixed amount of funding for flexible purposes (a block grant), in place of the open-ended funding provided by NSLP, SBP, SFSP, Special Milk, and several related activities.

The grantee states would have received funding each year for three years, in an amount equal to the respective state's reimbursements for free and reduced-price meals provided through NSLP and SBP programs in FY2016.[12] Grantee states would not have been eligible to receive funding from the open-ended NSLP, SBP, SFSP, Special Milk, State Administrative Expenses, and Team Nutrition programs that would continue to be available for non-grantee states.[13]

Grantee states would not have had to follow national standards currently in place for nutrition requirements, eligibility rules, or meal price-setting, among other requirements; instead, grantee states could have set their own rules in these areas. Among other required assurances, a state applying for the block grant funding would have been required to assure "that each school-aged child in the [s]tate will have access to at least one affordable meal service option during the school day at the school in which the child is enrolled." The applying state would have also been required to provide an implementation plan that includes the state's need-based eligibility rules, standards for meals and prices, estimated participation in the program, and monitoring and verification procedures, among other specified state-determined parameters.[14] The proposal included specified "limitations to federal interference," which would have restricted USDA from defining many aspects of implementation, including nutritional standards and how program participants are identified and verified. The proposal also included reporting requirements for USDA and the participating states.

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[11] In §109 of H.R. 5003, this demonstration project is titled, "State Administration of Child Nutrition Programs." For more background on block grants, please see CRS Report R40486, *Block Grants: Perspectives and Controversies*, by Robert Jay Dilger and Eugene Boyd.

[12] The proposal would not have included the NSLP performance-based reimbursements provided to schools that serve meals compliant with the updated nutrition standards.

[13] The demonstration project would not have foreclosed state participation in CACFP, FFVP, or any other program not listed in the provision. States would have been eligible for an additional three-year period of such funding if the state "can demonstrate success in meeting the nutritional needs of the school-aged children in the [s]tate."

[14] For all plan requirements, see legislative language in §109 of H.R. 5003.

During the House committee's markup, committee members defeated an amendment that sought to block grant the NSLP and SBP nationwide and permanently.[15]

School Meals (National School Lunch Program and School Breakfast Program)

Nutrition Standards

Debates about the next child nutrition reauthorization have often centered on the school meals programs' updated nutrition standards.[16] An update had been required by the 2004 and 2010 reauthorizations, and USDA-FNS issued the final rule in January 2012.[17] The 2010 reauthorization also required nutrition standards for food served outside the school meals programs ("competitive foods"); to implement this, USDA-FNS issued an interim final rule in June 2013.[18]

Both of the committees' proposals would have changed existing nutrition standards but would have done so differently.

The Senate committee's proposal included a number of provisions that would have or could have affected the current nutrition standards regulations and their implementation:

- **Change whole grains and sodium meal standards.** The proposal would have required USDA to make changes to the current regulations on the whole grain and sodium requirements, using an expedited rulemaking process (e.g., within 90 days of enactment). Although these details were not included in the proposal itself, 2016 negotiations between the Senate committee, the White House, USDA, and the School Nutrition Association resulted in agreement that these edits would have been (1) reducing a 100% whole-grain requirement to 80% whole-grain, and (2) delaying the Target 2 sodium requirements for two years (2019).[19] ***(§309(b))***
- **Study of sodium limits.** The proposal would have required USDA to contract with an independent entity to review the sodium standards in the meal regulations. The proposal listed particular study questions, such as assessing the

[15] Amendment #27 offered by Representative Glenn Grothman was defeated 9-25. See House Committee on Education and the Workforce website, http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=400678.

[16] See, for example, "Food Fight Fizzles as Senate Nears Compromise on School Nutrition Rules," *National Public Radio*, January 20, 2016, http://www.npr.org/sections/thesalt/2016/01/20/463618556/food-fight-fizzles-as-senate-nears-compromise-on-school-nutrition-rules.

[17] For the final rule and related resources, see the USDA-FNS website at http://www.fns.usda.gov/school-meals/nutrition-standards-school-meals.

[18] For further summaries and background on regulations noted in this paragraph, see "Selected Current Issues in the USDA Child Nutrition Programs" in CRS Report R43783, *School Meals Programs and Other USDA Child Nutrition Programs: A Primer*, by Randy Alison Aussenberg.

[19] While not all of the details are written into the legislation itself, the School Nutrition Association (SNA) posted a January 15, 2016, statement of the terms of an agreement reached between SNA, USDA, the White House, and the Senate committee, https://schoolnutrition.org/News/AgreementReachedOnSchoolNutritionStandards/. The terms of the agreement were also discussed in a colloquy between Ranking Member Stabenow and Senator Hoeven during the committee's markup (mentioned in *Congressional Quarterly* coverage at http://www.cq.com/alertmatch/277534762?0). In recent years, "policy riders" in appropriations laws have provided some changes to the whole grain and sodium policies. Under the FY2016 appropriations law (P.L. 114-113), some school food authorities may receive waivers to the 100% whole grain rules and USDA would be prevented from reducing sodium to the Target 2 until "the latest scientific research establishes the reduction is beneficial for children." See also CRS Report R44240, *Agriculture and Related Agencies: FY2016 Appropriations*, coordinated by Jim Monke.

impact of the standards on student participation rates and "whether the latest scientific research indicates that further reduction ... is necessary to safeguard the health of children." ***(§309(a))***

- **Advisory groups.** The proposal would have required USDA to establish two groups specific to nutrition standards: (1) an interagency working group (USDA and the Centers for Disease Control and Prevention [CDC]) to issue guidance regarding fruits and vegetables in the school meals programs, and (2) an advisory panel to consider and develop recommendations on food sold outside of the reimbursable meals programs ***(§309(c), (d))***. More generally, the proposal would also have established a School Nutrition Advisory Committee to "provide input in administration of" the NSLP and SBP ***(§305)***.
- **Fluid milk requirements.** The proposal would have required USDA to review school-age children's milk consumption and the availability of varieties of milk in schools under current regulations. Among other questions, reviews would have been required to assess whether consumption and availability meet the recommendations of the 2015-2020 Dietary Guidelines. Based upon specified requirements, revision of the regulations would also have been required. ***(§105)***

The House committee's proposal included the following nutrition standards policies:

- **Triennial review.** On the school meals nutrition standards generally, the House committee's proposal would have required the Secretary to review school meals regulations "at least every three years." The Secretary would have, with consultation from school stakeholders, been required to certify that certain requirements are met, including that the regulations are age-appropriate, do not increase the costs of implementing the school meals programs, and do not discourage students from participating in the school meals programs. If necessary, the Secretary would have been required to revise the regulations. ***(§104)***
- **First triennial review included whole grains and sodium.** The first review after the enactment of the proposal would have to have been concluded by December 31, 2016, and would have to have focused on the current sodium and whole grain requirements. Specifically the proposal would have required sodium standards to remain at Target 1 limits until the review had been completed. Sodium review requirements in the proposal included that any further reductions must be supported by a high research standard as well as health and food safety requirements. If the review proposed sodium reductions below Target 1, the proposal would have prevented reductions from taking effect until three years after the revision had been published in the *Federal Register*. ***(§104)***
- **Family meals.** The House committee's proposal would have required the Secretary to issue guidance or regulations on "up to 4 family meal days." On such days, parents may have been invited to meals, nutrition education may have been provided, and the school would not have been subject to nutrition standards for these meals. ***(§104)***
- **Other flexibilities and accommodations.** The House committee's bill would also have required the Secretary to provide guidance on making substitutions to accommodate product availability and to accommodate special dietary needs, including medical needs and religious dietary restrictions. ***(§104)***

- **Nutrition standards for "competitive foods."** The House committee's bill would have changed the nutrition standards for competitive foods in two respects: (1) standards would not apply to fundraisers held by student groups/organizations (though schools and the state agency could determine what fundraisers may be held); and (2) any foods that may be served as part of a reimbursable meal may be served a la carte. ***(§204)***
- **Advisory groups.** The House committee's bill included the same School Nutrition Advisory Council (SNAC) included in the Senate committee's proposal, but it did not include the other nutrition standards groups that are in Section 309 of the Senate committee's proposal. ***(§305)***
- **Fluid milk.** Similar to the Senate committee's language. ***(§104)***

Eligibility Rules and Reimbursement Rates[20]

The Senate committee's proposal did not include changes to the school meals programs income eligibility rules nor would it have changed the rates of reimbursement for the school meals programs. On the other hand, the House committee's proposal would make changes in both of these areas.

Community Eligibility Provision

The 2010 child nutrition reauthorization law (HHFKA, P.L. 111-296) created an option for eligible schools to serve all meals free of charge and without collecting applications, the "Community Eligibility Provision" (CEP). The House committee's proposal would make fewer schools eligible for the CEP option.

Eligibility for CEP depends on a school's "identified student percentage" (ISP), the share of enrolled students that can be identified as eligible for free school meals through direct certification.[21] Direct certification is a proactive process where government agencies (for example, state departments of education and departments of human services) cross-check their program rolls and certify children for free school meals based on the household's participation in other specified means-tested programs or vulnerable population status, without the household having to complete a school meals application. Under current law, a school, school district, or group of schools within a district must have an ISP of 40% or greater to use CEP. Though CEP schools serve free meals to all students, CEP schools are not necessarily reimbursed at the "free meal" rate for every meal.[22]

Under the House committee's proposal ***(§105)***, the ISP threshold would have been raised from 40% to 60% beginning July 1, 2017. The provision also would have allowed for a grace period of

[20] This section discusses school meal eligibility rules and reimbursement rates, providing only limited background. For more background, see "School Meals Eligibility Rules" in CRS Report R43783, *School Meals Programs and Other USDA Child Nutrition Programs: A Primer*, by Randy Alison Aussenberg.

[21] If eligible, CEP can also be implemented district-wide or for a selection of schools in a district.

[22] Instead, the law provides a funding formula: the percentage of students identified as automatically eligible is multiplied by a factor of 1.6; the result is the percentage of meals served that will be reimbursed at the free meal rate, with the remainder reimbursed at the far smaller paid meal rate. As an example, if a CEP school identifies that 40% of students are eligible for free meals, then 64% of the meals served will be reimbursed at the free meal rate and 36% at the paid meal rate. Schools that identify 62.5% or more students as eligible for free meals receive the free meal reimbursement for all meals served.

one school year for schools that had been eligible for CEP but would no longer be eligible under the amended law.[23]

Breakfast Reimbursement Rates

Of the two committees' proposals, only the House committee's would have made changes to the school meal reimbursement rates.

The House committee's proposal ***(§202)*** would have increased all School Breakfast Program reimbursements. That is, the proposal would have increased the reimbursement for free, reduced-price, and full-price ("paid") breakfasts. The increase would have begun in School Year (SY) 2018-2019 and would have continued as follows:

- For SY2018-2019, the base rate for reimbursements would have increased by two cents per breakfast above the current law rate.[24]
- For SY2019-2020, the prior year's rate would have increased by inflation only.[25]
- For SY2020-2021, the prior year's rate would have been adjusted by inflation and then would have been increased by one cent.
- In SY2021-2022 and each subsequent year, only inflation adjustment rules apply.

Note: this amendment, due to cross-references in the authorizing statute, would also have changed accordingly the rate of reimbursement for breakfasts served through CACFP.[26]

Application Verification

Under current law, schools are required to verify the data submitted on a sample of household applications for free and reduced-price school meals. In general, the standard verification sample under current law is the smallest of 3,000 or 3% of approved applications, with a focus on error-prone applications.[27] Schools may also conduct verification "for cause" for questionable applications.[28] Many schools employ "direct verification" (matching data from other low-income programs) to conduct their verification activities, but if data cannot be verified in this way, schools will contact households to verify.[29]

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[23] Non-CEP schools' students that are income-eligible for free or reduced-price meals or categorically eligible for free meals may still fill out a household application to receive such subsidized meals. Students that are categorically eligible and are identified through direct certification processes would be certified for free meals without filling out applications.

[24] As a point of comparison, SBP reimbursement rates for SY2015-2016 in the 48 contiguous states and DC are as much as $1.99 for a free breakfast, as much as $1.69 for a reduced-price breakfast, and $0.29 for a full-price breakfast.

[25] The proposal would not have changed current law inflation adjustment rules. Rates of inflation referred to in this section are based upon the consumer price index (CPI) food away-from-home and other parameters specified in Section 3 of the Child Nutrition Act of 1966.

[26] Section 17(c)(2) of the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. 1766(c)(1)).

[27] Current law defines ''error prone application'' as "a household application that ... indicates a monthly income that is within $100, or an annual income that is within $1,200, of the income eligibility limitation for free or reduced-price meals." (Section 9(b)(3)(D)(i) of Richard B. Russell National School Lunch Act (codified at 42 U.S.C. 1758((b)(3)(D)(i)).

[28] 7 C.F.R. 245.6a(c)(7).

[29] For more background on verification under current law, see Quinn Moore, Judith Cannon, and Dallas Dotter, et al., Program Error in the National School Lunch program and School Breakfast Program: Findings from the Second Access, Participation, Eligibility and Certification Study (APEC II) Volume 1: Findings, USDA-FNS, May 2015, pp. 8-9, http://www.fns.usda.gov/sites/default/files/ops/APECII-Vol1.pdf.

Both the Senate and House committees' proposals would have significantly revised and reworked application verification in the school meals programs. Both proposals were similar in their approach, with some differences in the specific details. Below is an overview of the major changes proposed:

- **Size of sample.** Both committees' proposals would have created a sample ceiling of the smallest of 10,000 or 10% of a local education agency's (LEA's) applications. Both proposals included factors that could have reduced the LEA's verification sample requirement; these included high or improved performance among certain integrity and program access activities (activities included direct verification, household responses, and direct certification).[30] The Senate committee's proposal ***(§105)*** would have allowed the sample to be reduced to as low as 3,000 or 3%. The House committee's proposal ***(§104)*** would have allowed the sample to be reduced as low as 2,500 or 2.5%.
- **Diverse types of applications sampled.** Instead of a focus on error-prone applications, both proposals would have required that the sample include various categories of applications, including applications with data consistent with a documented pattern of error or fraud, applications with a case number from certain low-income programs instead of income information, and close-to-the-income-limit applications. Beyond specifically listed application types, random sampling may have been used to reach the required sample size. The House and Senate committees' proposals did differ in the specific ratio of application types in the sample. ***(§105 Senate committee proposal; §104 House committee proposal)***
- **Error reduction plans for high-error schools.** Both proposals would have required states to work with the LEAs that have the highest rates of certification error to develop an error reduction plan and to monitor its implementation. The proposals differed on the requirements for such a plan. For example, the Senate committee's proposal ***(§113)*** lists a number of potential discretionary measures that might have been included in such a plan; in that proposal, one possible measure for states was to increase an LEA's verification sample size, but that measure may only have been used for up to 50% of the LEAs with plans and may not be higher than 15,000 or 15% of applications. The House committee's proposal ***(§111)***, on the other hand, would have required certain elements in an error reduction plan, including an increase in the sample size; the increase was capped at 15% of applications, but the number of LEAs with that increase was not capped.

[30] Not all factors were listed identically in both committees' proposals. For instance, the Senate committee's proposal could have reduced sample size in case of emergency, while the House's referred to reduction if USDA determines that the local educational agency USDA's establishing a framework to gauge administrative burden in case the standard sample "would render the local educational agency unable to administer" the school meals programs.

Selected Other School Meals Provisions

Paid Lunch and Non-Program Food Pricing

HHFKA set a floor for schools' pricing of full-price ("paid") lunches and non-program foods (i.e., vending machines, a la carte line foods).[31] These policies had been intended to ensure that federal subsidies for free and reduced-price lunches did not end up subsidizing meals for non-needy children and non-meal foods.

The Senate committee's proposal would have stricken these price calculation requirements and replaced them with a broader "non-federal revenue target." This proposal would have required schools to contribute a calculated target of nonfederal funds; the source of these nonfederal funds may have been household payments for full-price lunches but could also be other state or local contributions to the school food service program. ***(§106)***

The House committee's proposal would only have stricken the price calculation requirements; it would not have replaced them. ***(§105(e))***

Kitchen Equipment and Infrastructure

The Senate committee's proposal would have added to the Richard B. Russell National School Lunch Act policies regarding kitchen equipment and related infrastructure. It would have authorized discretionary grants for equipment and other specified capital improvements (up to $30 million in discretionary funding for FY2016 and each fiscal year thereafter). It also would have required USDA to offer loan guarantees; it included discretionary funding (up to $5 million for FY2016 and each fiscal year thereafter) for related fees, although appropriations for the fees would not have been required for loan guarantee activities to occur. ***(§116)***

The House committee's proposal included both the grants and the loan guarantees but would have authorized less funding for the discretionary grants (up to $25 million in discretionary grants "for fiscal year 2017 through fiscal year 2019"). ***(§114)***

Potable Water

The House committee's proposal would have provided up to $475,000 to ensure that children have access to potable water during meal service, for a period of no more than 90 days when certain requirements are met. ***(§104)*** This policy was not included in the Senate committee's proposal.

Summer Meals (Summer Food Service Program [SFSP] and Related Programs)

Under current law, most food offered in summer months is provided in congregate settings through the SFSP or the NSLP's Seamless Summer Option (SSO, an option only for schools).[32] ("Congregate" settings refer to specific sites where children come to eat and are supervised.) With the exception of the California pilot mentioned earlier and the SSO option for schools, organizations that provide summer and afterschool food need to participate in two separate programs (SFSP and CACFP At-risk Afterschool).

[31] For more on the implementation of this policy, see, for example, USDA-FNS website at http://www.fns.usda.gov/paid-lunch-equity-school-year-2015-16-calculations-and-tool.

[32] For further background, see CRS Report R43783, *School Meals Programs and Other USDA Child Nutrition Programs: A Primer*, by Randy Alison Aussenberg.

Following related testimony in multiple 114th Congress committee hearings, as well as the introduction of a number of freestanding proposals, the Senate and House committees' proposals would have piloted or expanded a number of alternatives for feeding low-income children during the summer months.[33] Still, there were significant differences between the reauthorization proposals' SFSP provisions. ***(§107 Senate committee proposal; §106 House committee proposal)***

Streamlining Afterschool and Summer Programs

Both committees' proposals would have authorized eligible institutions to operate SFSP and CACFP At-risk Afterschool sites under one application.

Under the Senate committee's proposal ***(§107)***, participating institutions would have been reimbursed at SFSP rates, which are higher than CACFP's. In FY2018, up to seven states would have been authorized to operate this pilot. In FY2019, three states could have been added to the limit. In FY2020, two additional states could have been added. In FY2021, and each fiscal year thereafter, one additional state could have been added. The Secretary of Agriculture would have been required to select states with low SFSP participation and states that had not yet transitioned their WIC program to Electronic Benefit Transfer (EBT). Among other requirements, eligible institutions would have had to provide meals during at least 20 summer days (or school vacation days in areas that operate a continuous school calendar) in order to participate. Under this streamlined option, the daily reimbursement maximum would have been one meal (during summer, only lunch/breakfast) and one snack.

Under the House committee's proposal ***(§106)***, participating institutions would have been reimbursed at CACFP At-Risk Afterschool rates. Beginning in May 2017, up to five states would have been selected for participation. Selection of states would have largely based on the state's demonstrated capacity to reduce paperwork and other administrative burdens while retaining program integrity. Beginning in October 2018, up to five additional states could have been added. Beginning in May 2020 and each year thereafter, the Secretary may have chosen additional states. Throughout the transition and expansion, the Secretary would have to provide technical assistance to the states, to collect best practices from them, and to update technical assistance to reflect the implementing states' best practices. The daily reimbursement maximum would have been the same as the Senate committee's proposal.

[33] During 114th Congress hearings, witnesses testified about SFSP and summer alternatives before the House Committee on Education and the Workforce (April 15, 2015; June 16, 2015; June 24, 2015) and the Senate Committee on Agriculture, Nutrition, and Forestry (May 7, 2015). The 114th Congress introduced bills on summer meals, including (companion bills paired, when applicable): S. 613/H.R. 1728; S. 1539/H.R. 2715; S. 1966.

Summer EBT (Electronic Benefit Transfer)[34]

Both proposals addressed the provision of benefits via EBT to children that are eligible for free and reduced-price school meals over the summer months. The Senate would have expanded this alternative with mandatory funding. The House would keep the existing pilot funded with discretionary funding.

The Senate committee's proposal would have authorized states to make a special election, in place of congregate meal service, to issue $30 per summer month, per eligible child, on a WIC EBT card.[35] This election, funded by the SFSP mandatory funding, would have been provided for a limited number of children. In FY2018 (the first year), no more than 235,000 children could have been served under this election; in FY2019, no more than 260,000 children; in FY2020, and each fiscal year thereafter, no more than 285,000 children. In addition to the mandatory funding authorized, up to $50 million would be authorized to be appropriated to serve additional children. Among other criteria and considerations, USDA would have been required to limit this election to eligible households that live in (1) poor areas that are rural and without congregate feeding sites, (2) poor areas that have limited access to SFSP and other authorized alternatives, or (3) areas with less than 50% of households eligible for free school meals and with limited access to SFSP and other authorized alternatives. ***(§107)***

The House committee's proposal would have authorized resources to continue the Summer EBT demonstrations. The proposal would have authorized up to $10 million in appropriations for each of FY2018, FY2019, and FY2020.[36] The funding would only have been available to those states that currently operate an SEBTC program.[37] Area and household eligibility rules were similar to the Senate committee's proposal. Participating children may have received from $15 to $30 per month. Participating states may have considered differentiating benefit amounts based on a variety of community-level factors, such as the proportion of applicants that are eligible for free meals, rather than reduced-price. During the committee's markup, an amendment was adopted to strike the requirement that participating states must administer benefits through WIC EBT, allowing states to use SNAP or WIC (as in the current pilot).[38] ***(§109)***

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[34] From FY2010 through FY2016 (and including FY2017 continuing resolutions), appropriations laws have provided authority and funding for an EBT demonstration project. These projects provide electronic food benefits over summer months to households with children in order to make up for school meals that children miss when school is out of session and as an alternative to the Summer Food Service Program meals. Related projects originally were authorized and funded in the FY2010 appropriations law (P.L. 111-80). In limited areas, projects have been operated and funded since then, most recently in the FY2016 appropriations law (P.L. 114-113). They received $23 million for FY2016 (including $7 million in §741(b)). For more information, see USDA-FNS FY2016 Congressional Budget Justification, http://www.obpa.usda.gov/32fns2016notes.pdf, p. "32-24"; and USDA-FNS website, "Summer Electronic Benefit Transfer for Children (SEBTC)" http://www.fns.usda.gov/ops/summer-electronic-benefit-transfer-children-sebtc. The Obama Administration included a Nationwide Summer EBT proposal in its FY2017 budget, see USDA-FNS Explanatory Notes on p. "32-34," http://www.obpa.usda.gov/32fns2017notes.pdf.

[35] The $30 would have been adjusted annually for inflation, children eligible for free or reduced-price school meals and living in an area administering this option would have been eligible, and only states that had transitioned their WIC program to EBT could participate.

[36] CBO interpreted these resources as mandatory. Congressional Budget Office, *Improving Child Nutrition and Education Act of 2016*, cost estimate, June 30, 2016. https://www.cbo.gov/publication/51756.

[37] FY2016 grantees were Cherokee Nation, Chickasaw Nation, Connecticut, Delaware, Michigan, Missouri, Nevada, and Oregon. For more information, see April 2016 press release available at USDA-FNS website, http://www.fns.usda.gov/pressrelease/2016/008716.

[38] Amendment #29, offered by Representative Susan Davis, was agreed to by voice vote. Amendment #28 was defeated. See http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=400678.

Off-Site Consumption Options

Seasonal Off-Site Election

The Senate committee's proposal ***(§107)*** would have, beginning in summer 2017, permitted states to allow institutions to provide SFSP meals to be consumed off-site. This election would have been available for children (1) in a rural area (as defined by the Secretary), or (2) in a non-rural area in which more than 80% of students are certified as eligible for free or reduced-price meals. (Home delivery of meals [no more than two meals per child per delivery] is an example of how a state might have used this election.)

The House committee's proposal ***(§106)*** was substantially similar with a few differences. In addition to the Senate committee proposal's area eligibility criteria, the House committee's proposal would have only allowed implementation of the off-site election if "an area is eligible to participate in [SFSP] but is not currently being served." Also, the House committee's proposal would have required the state, rather than USDA, to define rural.

Temporary Off-Site Allowances

For institutions operating congregate feeding sites, the Senate committee's proposal would have required USDA to grant a state's request for off-site consumption when the site is closed due to extreme weather considerations, violence or other public safety concerns temporarily prevent children from traveling safely to the site, or other emergency circumstances. ***(§107)***

The House committee's proposal was substantially similar. ***(§106)***

Other SFSP Policies

Discretionary Funding for a Third Meal. The Senate committee's proposal ***(§107)*** would have authorized discretionary funding for up to six state agencies to pilot the provision of three meals per day, or two meals and one snack. This was not included in the House committee's proposal; a related amendment was offered in markup and defeated.[39]

Business Partnership Demonstration Project. The House committee's proposal would have authorized USDA to award competitive grants, using available SFSP mandatory funding, to improve SFSP service delivery through "sustainable, scalable, business-driven solutions." Such grants would have been available for as many as four states and could have been provided for as long as three years. Additional requirements were included regarding state applications, vendors, and auditing. ***(§109)***

Child and Adult Care Food Program (CACFP)

The Senate and House committees' proposals ***(§109, §108, respectively)*** were substantially similar in their CACFP policy changes, but only the Senate committee proposal would have provided an additional snack for a child in care for longer hours.

Among their changes, both proposals would have allowed new types of institutions into the program. Residential child care institutions (RCCIs) and boarding schools funded by the Bureau of Indian Education would have been eligible for CACFP meal and snack reimbursement in addition to the school meals programs.

[39] Amendment #26 offered by Ranking Member Bobby Scott was offered and defeated 15-19. See http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=400678.

Under current law, two meals and one snack or one meal and two snacks are the daily limits per child regardless of duration of care. The Senate committee's proposal would have provided additional food for longer-duration child care. Child care institutions would have been able to claim reimbursement for an additional snack for each child that is in care for nine hours or more per day. The House committee's proposal did not include this change; an amendment to add a related change was defeated during committee markup.[40]

As noted under "Breakfast Reimbursement Rates," ***§202*** of the House committee's proposal would also have increased reimbursement rates for breakfasts served through CACFP.

Farm to School Grant Program[41]

Beginning FY2017 and each year thereafter, the Senate committee's proposal would have increased annual mandatory funding (from $5 million to $10 million) for the Farm to School Grant Program. It would also have increased maximum grant amounts (from $100,000 to $200,000). The proposal would also have authorized up to $10 million in discretionary appropriations each year (FY2016-FY2020). Among other updates, the proposal would have added "implementing agricultural literacy and nutrition education" as an allowable use for grants and required USDA to make improving procurement and distribution a goal of grant making. ***(§110)***

The House committee's proposal was substantially similar, except that maximum grants would have been $150,000 and the proposal does not include authorization of additional discretionary funds. ***(§109)***

Fresh Fruit and Vegetable ("Snack") Program (FFVP)[42]

Under current law, with the exception of a pilot included in the 2014 farm bill (P.L. 113-79), the fruit and vegetable snacks served through this program must be fresh—not frozen, dried, or canned. The Senate and House committees' proposals would make distinct changes.

The Senate committee's proposal ***(§111)*** would have created "hardship exemption" criteria and a process under which some schools could have served frozen, dried, or canned fruits and vegetables instead of only fresh items. Subject to USDA's and the states' implementation, schools with limited access to quality fresh fruits and vegetables year-round or with limited facilities to store, prepare, or serve fresh fruits and vegetables would have been able to participate in the snack program by providing frozen, dried, or canned fruit and vegetable snacks. In the first year of a hardship exemption, the school could have served up to 100% of their fruit and vegetable snacks in these forms; however, the ceiling would have dropped over four years, moving from 100% to 60% to 20% to 0%, transitioning the exempt schools from 0% fresh offerings to 100% fresh offerings.

[40] Amendment #25, offered by Representative Suzanne Bonamici, was defeated 15-19. See http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=400678.

[41] For more information on program grants and grantees, see the USDA-FNS program website, http://www.fns.usda.gov/farmtoschool/farm-school-grant-program.

[42] This program is authorized by the Richard B. Russell National School Lunch Act but is funded by the Section 32 of the Act of August 24, 1935 (P.L. 74-320, as amended; 7 U.S.C. 612c). Since first piloted in 2002, this program has been amended by both farm bills and child nutrition reauthorization laws. The 2014 farm bill (P.L. 113-79, Section 4214) authorized a pilot project for canned, frozen, or dried fruits and vegetables.

The House committee's proposal ***(§110)*** would have allowed participating schools to serve all forms of fruits and vegetables, changing the program's name to "Fruit and Vegetable Program." The proposal would also have allowed schools to serve snacks that include tree nuts. USDA would have been required to promulgate guidance to limit fruit, vegetable, and tree nut snacks to meeting the respective nutrition standards that are currently in place for competitive food items—including sodium, sugar, and total fat limits.[43]

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)[44]

On WIC, most of the Senate and House committees' provisions ***(§204, §206, respectively)*** were similar, but the proposals have a few key differences.

Authorization of Appropriations

Currently, WIC's authorization of appropriations does not have a numerical cap; it authorizes "such sums as are necessary."[45] The House committee's proposal would set its authorization of appropriations at $6.35 billion each year through FY2021.[46] The Senate committee's proposal would maintain "such sums as are necessary" through FY2020.

Eligibility and Certification of Participants

Only the Senate committee's proposal would have made changes to child eligibility and the certification period for infants:

- **Child eligibility.** Under current law, in all states, children (who meet all other eligibility criteria) are eligible for WIC benefits until they reach five years of age. The Senate committee's proposal would have created a state option where children may have participated in WIC until their sixth birthday or until they enter full-day kindergarten (whichever comes first).
- **Infant certification period.** Currently, states have the option to certify infants and children for up to one-year periods. The Senate committee's proposal would have allowed states to certify infants for up to two years at a time.

The above changes were not included in the House committee's proposal.[47] Both committees' proposals did include similar changes to the calculation of income in the WIC program:

- **Income eligibility calculation.** When counting a household's income for WIC eligibility, the House and Senate committees' proposals would have required all states to exclude certain Department of Defense payments (Basic Allowance for

[43] The interim final rule is currently codified at 7 C.F.R. 210.11.

[44] For more information on how the WIC program currently operates (including eligibility rules, EBT, vendor, and infant formula and infant food competitive bidding), see CRS Report R44115, *A Primer on WIC: The Special Supplemental Nutrition Program for Women, Infants, and Children*, by Randy Alison Aussenberg.

[45] Section 17(g)(1)(A) of the Child Nutrition Act of 1966, codified at 42 U.S.C. 1786(g)(1)(A).

[46] WIC received $6.35 billion in FY2016 appropriations. For recent years' WIC funding, see Table 2 in CRS Report R44441, *FY2017 Agriculture and Related Agencies Appropriations: In Brief*, coordinated by Jim Monke.

[47] During House markup, Representative Katherine Clark offered these provisions along with other WIC changes in Amendment #24. It was defeated 13-21, along party lines. See House Committee on Education and the Workforce website, http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=400678.

Housing, Basic Allowance for Subsistence) and the amounts of child support paid if household members are legally obligated to pay child support.

WIC-Eligible Foods (Food Package)

The supplemental food package in a given state is the result of federal regulation and state policies. "Supplemental foods" is defined in federal WIC law as

> those foods containing nutrients determined by nutritional research to be lacking in the diets of pregnant, breastfeeding, and postpartum women, infants, and children and foods that promote the health of the population served by the program authorized by this section [WIC], as indicated by relevant nutrition science, public health concerns, and cultural eating patterns, as prescribed by the Secretary [of Agriculture]. State agencies may, with the approval of the Secretary, substitute different foods providing the nutritional equivalent of foods prescribed by the Secretary, to allow for different cultural eating patterns.[48]

Both committees' proposals included changes to this definition.

The Senate committee's proposal would have allowed the list of supplemental foods to consider commercial availability and participant demand. It also would have required the inflation adjustment of the cash value voucher (used to purchase fruits or vegetables) to round to the nearest dollar.

The House committee's proposal included similar language to the Senate committee's proposal with a few additions. In addition to considerations of commercial availability and participant demand, the House committee proposed a limit that any changes "shall not limit the overall fruit intake of children." The proposal would also have required an examination of current fluid milk criteria. The House committee proposal also included some additional accommodations for special dietary needs and other requirements for food package formulation.

Other WIC Topics

Both of the committees' proposals were substantially similar in other WIC areas, with similarities and differences summarized below:

- **Measures related to the integrity of benefit redemption.** The Senate and House committees' proposals would have required all states to educate participants on the safe and legal disposal of unused or excess infant formula purchased with WIC benefits. The proposals also included several policy changes related to accurate invoicing of WIC infant formula purchases, so that manufacturer rebates might be issued more precisely.
- **WIC vendors.** The Senate committee's proposal would have required states to add notification requirements if a state placed a moratorium on authorizing new vendors. The House committee's proposal would have placed these notification requirements on USDA instead. In setting maximum allowable reimbursement levels for certain vendors, both proposals would have required states to exclude WIC vouchers that had not been redeemed in full (would not include EBT purchases). The proposals would have required the Secretary to review states' vendor authorization processes.

[48] Section 17(b)(14) of the Child Nutrition Act of 1966 (codified at 42 U.S.C. 1786(b)(14)).

- **Changes to competitive bidding for infant formula and infant foods.** The proposals would have made a number of changes related to the competitive bidding and contract award process for infant formula and infant foods, including allowing an infant formula contractor in a state to terminate its contract if the state raises Medicaid income eligibility (with exact parameters of this increase and contract termination to be determined by the Secretary)[49] and requiring states to issue a justification statement to USDA before entering into exclusive contracts for infant food. On infant food competitive bidding, the House committee's proposal would have required additional state considerations and actions that were not included in the Senate committee proposal; for instance, it would have required the state to provide a report that includes net savings. Also, the House committee's proposal would have required the justification statement before the state "solicits bids for a contract" rather than before entering into a contract.
- **Transition to EBT.** HHFKA of 2010 set a requirement that states transition their WIC benefit systems from voucher-based to EBT by October 1, 2020. The Senate committee's proposal would have authorized discretionary funding (up to $25 million annually for FY2016-FY2020) for "enhancing and accelerating" EBT implementation. The House committee's proposal would have authorized discretionary funding also, but for fewer years ($25 million annually for FY2017-FY2019). Both proposals would also have created penalties for states that fail to comply with the implementation timeline.

CBO Cost Estimates[50]

This section summarizes CBO's cost estimates of the committees' child nutrition reauthorization proposals, as of the date of this report:

- On March 11, 2016, CBO published a cost estimate of the Senate committee's proposal (as marked up on January 20, 2016).[51] CBO completed a formal cost estimate of the direct spending (i.e., mandatory spending), but has not released an estimate of the discretionary spending provisions. This proposal was scored against CBO's March 2015 baseline and cost estimates are for a budget window of FY2016-FY2025.
- On June 30, 2016, CBO published a cost estimate of the House committee's proposal (as marked up on May 18, 2016).[52] CBO completed a formal cost estimate of both the direct spending and the discretionary spending provisions.

[49] WIC applicants that participate in Medicaid are deemed income eligible for the program; this Medicaid-WIC relationship is called adjunctive eligibility. In addition to this change for infant formula contracts in Section 204(a) of the Senate committee proposal and Section 206(a) of the House committee proposal, Section 204(b)/206(b) would require the Comptroller General of the United States to conduct a study to examine the impact of adjunctive eligibility on WIC.

[50] For explanation of CBO baselines and scorekeeping, see CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*, by Bill Heniff Jr.

[51] Congressional Budget Office, *Improving Child Nutrition Integrity and Access Act of 2016*, cost estimate, March 11, 2016. https://www.cbo.gov/publication/51373.

[52] Congressional Budget Office, *Improving Child Nutrition and Education Act of 2016*, cost estimate, June 30, 2016. https://www.cbo.gov/publication/51756.

> This proposal was scored against CBO's March 2016 baseline and cost estimates are for a budget window of FY2017-FY2026.

CBO explained, "Any differences in the [proposals'] estimates reflect differences in both the language of the legislation and in the baselines used for the estimates."[53] In other words, the different budget windows and baselines limit the significance of comparing the cost estimates as an exact measure of their policy differences.

The sections that follow include selected information from the cost estimates. See CBO's cost estimates for further details.

Cost Estimate of Senate Committee's Proposal (March 11, 2016)

Based on changes to direct spending and revenues, CBO estimated that the legislation would have *increased the deficit* by $269 million over 5 years (FY2016-FY2020) and approximately $1.1 billion over 10 years (FY2016-FY2025). More specifically, CBO estimated that some of the policies discussed in this CRS report would impact direct spending in the child nutrition programs. CBO estimates (in outlays over the 10-year budget window FY2016-FY2025) that, if enacted,

- changes to school meals' application verification requirements would have *reduced direct spending* by $294 million;
- discretionary funding for school meals equipment grants would have increased participation in the school meals programs, *increasing direct spending* by $224 million;
- changes to the provision of summer meals (including streamlining with CACFP, EBT, and off-site consumption) would have *increased direct spending* by $568 million;
- increases to the Farm to School Grant Program's mandatory funding would have *increased direct spending* by $44 million; and
- changes to CACFP (all changes in §109) would have *increased direct spending* by $445 million.

At the time, committee leadership had said they would work to revise the proposal to make it cost-neutral.[54]

Cost Estimate of House Committee's Proposal (June 30, 2016)

Based on changes to direct spending and revenues, CBO estimated that the legislation would have *reduced the deficit* by $131 million over 5 years (FY2017-FY2021) and $67 million over 10 years (FY2017-FY2026).

For certain policies that were in the House committee's proposal but not the Senate committee's proposal, CBO estimated (in outlays over the 10-year budget window of FY2017-FY2026) that, if enacted,

[53] Ibid., p. 17.

[54] Ellyn Ferguson, "CBO: Child Nutrition Bill Would Add $1 Billion to Deficit," *CQ Roll Call*, March 14, 2016, http://www.cq.com/doc/news-4851837?search=LPbRP8fo.

- the block grant demonstration project ("State Administration of Child Nutrition Programs") would *not have affected direct spending* as no states are expected to participate;[55]
- increases to the threshold for CEP participation would have resulted in 6,500 schools no longer participating in CEP, fewer students in those schools participating at free and paid meal rates, and a *reduction of direct spending* by approximately $1.6 billion; and
- increases to SBP reimbursements would have *increased direct spending* by $801 million.

In some of the areas where both proposals would have amended policy, CBO estimates (in outlays over the 10-year budget window of FY2017-FY2026) the following for the House committee's proposal, if enacted:

- changes to school meals' application verification requirements would have *reduced direct spending* by $261 million;
- discretionary funding for school meals equipment grants would have increased participation in the school meals programs, *increasing direct spending* by $42 million;
- changes to the provision of summer meals (including streamlining with CACFP, off-site consumption, and demonstration projects) would have *increased direct spending* by $929 million;
- increases to the Farm to School Grant Program's mandatory funding would have *increased direct spending* by $49 million; and
- changes to CACFP (all changes in §108) would have *reduced direct spending* by $33 million.

For discretionary programs (i.e., spending subject to appropriation), CBO estimated that the House committee's proposal would have cost $29.8 billion over the five-year (FY2017-FY2021) period, assuming the appropriation of necessary amounts.[56] The vast majority ($29.6 billion) of this estimate is based on the reauthorization of WIC and WIC FMNP programs.

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[55] "Based on consultation with state officials and policy experts, CBO does not expect that any state would take up this option." Ibid., p. 9.

[56] Ibid., p. 12.

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