



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 14, 2003

H.R. 3232

**An act to reauthorize certain school lunch and child
nutrition programs through March 31, 2004**

As cleared by the Congress on November 6, 2003

SUMMARY

H.R. 3232 extends several provisions of law through March 31, 2004, including:

- The requirement to exclude certain military housing allowances from income when determining eligibility for free and reduced-price school meals;
- The participation of for-profit child care centers in the Child and Adult Care Food Program (CACFP);
- The use of funds from the Funds for Strengthening Markets, Income, and Supply (known as the Section 32 fund) for the removal of commodities that pose a healthy or safety risk;
- The use of funds from the Section 32 fund or the Commodity Credit Corporation (CCC) to purchase commodities for the National School Lunch Program (NSLP); and
- The Summer Food Service Program (SFSP), including a provision to eliminate cost-accounting requirements for sites in some states.

CBO estimates that H.R. 3232 will increase direct spending, relative to the budget resolution baseline, by \$7 million in 2004. This total does not include funding for the SFSP, which will total nearly \$1.5 million, but which CBO already assumes in its baseline, following the rules specified in the Balanced Budget and Emergency Deficit Control Act of 1985. Therefore, the extension of this program has no cost relative to the baseline.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3232 is shown in the following table. The changes in direct spending, which total an estimated \$7 million in 2004, fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-2008	2004-2013
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	7	0	0	0	0	0	0	0	0	0	7	7
Estimated Outlays	7	0	0	0	0	0	0	0	0	0	7	7

BASIS OF ESTIMATE

Nearly all of the act's budgetary impact will stem from section 1(a), relating to the Child and Adult Care Food Program. Other provisions will have negligible costs.

Child and Adult Care Food Program

Section 1(b) extends a provision to allow for-profit child care centers to participate in the CACFP if at least 25 percent of the children served by the center are income-eligible for free or reduced-price school meals. This provision also was extended by recent legislation to November 21, 2003. CBO estimates that about 1,200 for-profit centers will participate in CACFP under the extension of this provision, increasing direct spending by \$7 million in 2004.

Exclusion of Certain of Military Housing Allowances

Section 1(a) extends the requirement that the housing allowance of military personnel living in privatized housing units should not be counted toward income when determining eligibility of children for free or reduced-price school meals. This provision was set to expire on September 30, 2003, but was extended to November 21, 2003, by Public Laws 108-84, 108-104, and 108-107. Based on the income, housing, and family size data for enlisted military personnel, CBO estimates that benefits for about 3,000 children will increase in 2004 as a result of this provision, but that the increase in direct spending will be less than \$500,000.

Commodity Removal

Section 1(c) reauthorizes the authority to use the Section 32 fund to reimburse states for the cost of removal of commodities that pose a health or safety risk. The Section 32 fund receives a permanent appropriation equal to 30 percent of U.S. customs duties. The funds are used to support domestic agriculture in a number of ways, including the purchase of commodities for the NSLP. Historically, there has been little to no spending on hazardous commodity removal under this authority. CBO estimates that there will be no significant increase in direct spending as a result of this extension.

NSLP Commodities

Section 1(d) reauthorizes the use of funds from the Section 32 fund or CCC to purchase commodities for the NSLP. Because the Secretary of Agriculture already has separate authority to make commodity purchases using the Section 32 fund, CBO estimates that there will be no increase in direct spending from this provision.

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