CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 23, 1998

H.R. 3874
Child Nutrition and WIC Reauthorization Amendments of 1998

As ordered reported by the House Committee on Education and the Workforce on June 4, 1998

SUMMARY

H.R. 3874 would reauthorize child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). H.R. 3874 would provide authorizations of $3.9 billion for fiscal year 1999 and about $19.6 billion over the 1999-2003 period, not including adjustments for inflation.

In addition, H.R. 3874 would newly provide reimbursement for snacks served to youth in after-school programs in schools and low-income areas, lower reimbursement rates for meals served free and at a reduced price in schools and child care centers, and reduce funding to states for conducting audits of nutrition programs in child care centers. Those changes would slightly increase direct spending for 1999 but decrease direct spending by $68 million over the 1999-2003 period. Enactment of the bill also would result in increased revenues, although the amount is likely to be insignificant. Because the bill's enactment would affect both direct spending and receipts, pay-as-you-go procedures would apply.

H.R. 3874 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would, however, impose new requirements on state and local governments that administer child nutrition programs totaling $8 million in fiscal 1999 and $202 million for the 1999-2003 peroid. Under UMRA, such requirements would not be mandates because they are a result of complying with grant conditions or because states have the ability to offset their costs by amending the programs.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3874 is summarized in Table 1. The costs of this legislation fall within budget function 600 (income security).

Table 1. Summary of Estimated Budgetary Effects of H.R. 3874

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Without Adjustments for Inflation						
Authorizations Under Current Law						
Estimated Authorization Level [a]	4,000	82	82	82	82	72
Estimated Outlays	3,985	354	82	82	82	74
Proposed Changes						
Estimated Authorization Level [a]	--	3,936	3,922	3,922	3,922	3,932
Estimated Outlays	--	3,650	3,924	3,927	3,927	3,931
Authorizations Under H.R. 3874						
Estimated Authorization Level [a]	4,000	4,018	4,004	4,004	4,004	4,004
Estimated Outlays	3,985	4,004	4,006	4,009	4,009	4,005
With Adjustments for Inflation						
Authorizations Under Current Law						
Estimated Authorization Level	4,000	85	88	90	93	86
Estimated Outlays	3,985	356	87	89	92	87
Proposed Changes						
Estimated Authorization Level	--	4,019	4,096	4,192	4,287	4,399
Estimated Outlays	--	3,725	4,092	4,191	4,285	4,392
Authorizations Under H.R. 3874						
Estimated Authorization Level [a]	4,000	4,104	4,184	4,282	4,380	4,485
Estimated Outlays	3,985	4,081	4,179	4,280	4,377	4,478
DIRECT SPENDING						
Baseline Spending Under Current Law						
Budget Authority	8,779	9,266	9,786	10,333	10,893	11,464
Estimated Outlays	8,702	9,176	9,689	10,231	10,789	11,358
Change						
Budget Authority	--	-8	-32	-27	-27	-27
Estimated Outlays	--	4	-21	-18	-17	-16
Spending Under H.R. 3874						
Budget Authority	8,779	9,258	9,754	10,306	10,866	11,437
Outlays	8,702	9,180	9,668	10,213	10,772	11,342
CHANGES IN REVENUES						
Estimated Revenues	--	*	*	*	*	*

a. The 1998 level is the amount appropriated for that year.
* = Less than $500,000.

BASIS OF ESTIMATE

Tables 2 and 3 detail the effects of H.R. 3874 on authorizations of appropriations.

Spending Subject to Appropriations

Title I would authorize such sums as are necessary for a universal free breakfast pilot project. The project would examine the effect of serving all breakfasts free for three years in selected elementary schools. Breakfasts would be reimbursed at the rate for meals served free. A pilot project involving 36 schools for a 3-year period would cost $3 million for meals and $10 million for evaluation over the 1999-2003 period according to information provided by the Food and Nutrition Service. Significantly more than 36 schools could participate if more funds were appropriated. A similar pilot project was authorized for 1996 to 1998 but was not funded.

Title II of the bill would extend the authorization of the Special Supplemental Nutritional Program for Women, Infants, and Children at such sums as may be necessary for fiscal years 1999 through 2003. The WIC program provides food and other support to low-income pregnant, post-partum and breast-feeding women, infants, and children up to age five. The bill would make several changes to the underlying authorization of WIC. However, most of these changes would not have significant budgetary effects.

In reauthorizing the farmers' market nutrition program within the WIC program, the bill would reduce the state match rate required for participation from 30 percent of total costs to 30 percent of administrative costs. Currently, about $12 million of the total $3.9 billion WIC appropriation is set aside for the farmers' market nutrition program. Although data on the administrative portion of this program are not available, CBO estimates that in order to maintain the current level of funding from both federal and nonfederal sources, about $3.5 million more than the 1998 amount would need to be authorized annually for the program.

The bill would require the Economic Research Service to study and prepare a report on the effect of cost-containment practices employed by the states. This report would be due three years after the bill's enactment. Based on information from the Economic Research Service, the costs of this study are estimated at $1.5 million from 1999-2003.

Finally, the bill would amend the Nutritional Education and Training program, which provides funds to train food service personnel and to instruct students, teachers, and parents about nutrition and health. The program is currently authorized through fiscal year 2002 at $10 million per year. H.R. 3874 would authorize such sums as may be necessary for fiscal

Table 2. Estimated Effects of H.R. 3874 on Appropriations, Without Adjustments for Inflation

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
Authorizations Under Current Law						
WIC						
Budget Authority	3,924	--	--	--	--	--
Estimated Outlays	3,914	273	--	--	--	--
Economic Research Service						
Estimated Authorization Level	72	72	72	72	72	72
Estimated Outlays	68	72	72	72	72	72
Nutritional Education and Training Program						
Estimated Authorization Level	4	10	10	10	10	0
Estimated Outlays	3	9	10	10	10	2
Universal Breakfast Pilot						
Estimated Authorization Level	--	--	--	--	--	--
Estimated Outlays	--	--	--	--	--	--
Total Authorizations Under Current Law						
Estimated Authorization Level	4,000	82	82	82	82	72
Estimated Outlays	3,985	354	82	82	82	74
Changes Under H.R. 3874						
WIC						
Estimated Authorization Level	--	3,928	3,928	3,928	3,928	3,928
Estimated Outlays	--	3,654	3,928	3,928	3,928	3,928
Economic Research Service						
Estimated Authorization Level	--	2	0	0	0	0
Estimated Outlays	--	1	--	0	0	0
Nutritional Education and Training Program						
Estimated Authorization Level	--	-6	-6	-6	-6	4
Estimated Outlays	--	-5	-6	-6	-6	3
Universal Breakfast Pilot						
Estimated Authorization Level	--	13	--	--	--	--
Estimated Outlays	--	*	2	5	5	1
Total Changes						
Estimated Authorization Level	--	3,936	3,922	3,922	3,922	3,932
Estimated Outlays	--	3,650	3,924	3,927	3,927	3,931
Total Authorizations Under H.R. 3874						
Estimated Authorization Level	4,000	4,018	4,004	4,004	4,004	4,004
Estimated Outlays	3,985	4,004	4,006	4,009	4,009	4,005

a. The 1998 level is the amount appropriated for that year.
*= Less than $500,000.

Table 3. Estimated Effects of H.R. 3874 on Appropriations, With Adjustments for Inflation

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
Authorizations Under Current Law						
WIC						
Budget Authority	3,924	--	--	--	--	--
Estimated Outlays	3,914	273	--	--	--	--
Economic Research Service						
Estimated Authorization Level	72	75	78	80	83	86
Estimated Outlays	68	74	77	79	82	85
Nutritional Education and Training Program						
Estimated Authorization Level	4	10	10	10	10	0
Estimated Outlays	3	9	10	10	10	2
Universal Breakfast Pilot						
Estimated Authorization Level	--	--	--	--	--	--
Estimated Outlays	--	--	--	--	--	--
Total Authorizations Under Current Law						
Estimated Authorization Level	4,000	85	88	90	93	86
Estimated Outlays	3,985	356	87	89	92	87
Changes Under H.R. 3874						
WIC						
Estimated Authorization Level	--	4,010	4,102	4,198	4,293	4,395
Estimated Outlays	--	3,729	4,096	4,191	4,286	4,388
Economic Research Service						
Estimated Authorization Level	--	2	0	0	0	0
Estimated Outlays	--	1	*	0	0	0
Nutritional Education and Training Program						
Estimated Authorization Level	--	-6	-6	-6	-6	4
Estimated Outlays	--	-5	-6	-6	-6	3
Universal Breakfast Pilot						
Estimated Authorization Level	--	13	--	--	--	--
Estimated Outlays	--	*	2	5	5	1
Total Changes						
Estimated Authorization Level	--	4,019	4,096	4,192	4,287	4,399
Estimated Outlays	--	3,725	4,092	4,191	4,285	4,392
Total Authorizations Under H.R. 3874						
Estimated Authorization Level	4,000	4,104	4,184	4,282	4,380	4,485
Estimated Outlays	3,985	4,081	4,179	4,280	4,377	4,478

* = Less than $500,000.

years 1999 through 2003. In fiscal year 1998, $4 million was appropriated for this program. CBO assumes that, under the new authorization provision, this level of funding would continue for 1999-2003.

Direct Spending and Revenues

H.R. 3874 would make several changes to the National School Lunch Act and the Child Nutrition Act resulting in a net decrease in direct spending over the 1999-2003 period. These programs provide subsidies to schools and child care programs to help provide meals to children. CBO's estimates of the bill's effects on direct spending, by provision, are detailed in Table 4 and explained below.

Round Down Reimbursement Rates. Section 103 would lower the reimbursement rate for meals served free or for a reduced price in schools and day care centers. Under current law, the reimbursement rates for those meals are adjusted for inflation each year and then rounded to the nearest quarter cent. The bill would require those rates (except for lunches) to be rounded down to the nearest whole cent. The reimbursement rate for free and reduced lunches has two components: the reimbursement rate for a full-price meal plus a special assistance rate. Each of those rates would be rounded down to the nearest cent and then summed. On average, schools would receive one cent less reimbursement for each lunch served and one-half cent less reimbursement for every other meal served. The provision would take effect July 1, 1999, and would reduce federal outlays by $2 million in 1999, and $49 million by 2008.

Adjust Summer Food Reimbursement Rates for Alaska and Hawaii. Section 104 would allow the Secretary of Agriculture to set higher reimbursement rates for the Summer Food Service program in Alaska, Hawaii, and territories where the cost of providing meals is greater than in the rest of the states. Under current law, the Secretary may set higher rates in all the other Child Nutrition programs. The authority to adjust rates is currently used only in Alaska and Hawaii. Based on the number of meals served in Alaska and Hawaii and the size of the adjustment the Secretary makes in the other child nutrition programs, the provision would cost less than $500,000 a year.

Expand Private, NonProfit Participation in the Summer Food Program. Section 105(a) would allow private, nonprofit sponsors to operate more sites in the Summer Food Service program. Current law limits a private, nonprofit sponsor to 5 urban sites, 20 rural sites, and 20 sites in total. The proposal would raise the limit to 25 sites of any type. In 1997 there were about 600 private, nonprofit sponsors operating 2,200 sites. Only 13 percent of sponsors operate more than 5 sites, and only 6 percent of sponsors operate more than 10 sites,

according to a Food and Nutrition Service (FNS) internal study. FNS officials report that about a dozen rural sponsors and a couple of urban sponsors have expressed interest in exceeding the limits under current law. The estimate assumes that 10 rural sponsors add 5 additional sites and 4 urban sponsors add 5 to 10 sites for a total of 80 new sites serving 5,000 new participants by 2001. The provision would increase outlays by less than $500,000 in 1999 and 2000 and by about $1 million each year thereafter.

Expand Offer versus Serve. Section 105(b) would allow all school-sponsored Summer Food Service program sites to receive reimbursement for a meal even if a child does not accept every component of the meal. Current law allows such reimbursement only if the program is sited at a school. This provision would extend the authority to programs that schools operate at other sites, such as parks or community centers. Based on discussions with federal officials, we assume that the provision would make the program marginally more attractive to sponsor. We assume a 1 percent increase in participation in school-sponsored programs that are not school-based. This change would result in an increase of less than $500,000 a year.

Reinstate Categorical Eligibility for Even Start Participants. Section 107(b) reinstates categorical eligibility for free meals in the Child and Adult Care Food Program (CACFP) for Even Start participants. Under this provision, children would not have to meet income guidelines because the Even Start Program does not have any specific income guidelines. Program data show that while most families enrolled in Even Start have very low incomes, 8 percent of families have an annual income of between $15,000 and $20,000, and an additional 9 percent have income over $20,000. Most of the children in those families would not meet the income eligibility limit for free meals. Program data indicates that between 10 and 15 percent of the approximately 50,000 children enrolled in Even Start would be eligible for free meals under the provision despite having incomes that exceed the program limits. The provision would increase federal outlays by $1 million annually.

Reduce 2 Percent Audit Funds to 1 Percent. Section 107(d) would reduce the funds available to states to conduct audits of CACFP. Under current law, each state receives an annual payment equaling 2 percent of the CACFP funds it spent in the second preceding fiscal year. The proposal would halve that payment. The funding is used by the states to conduct audits of participating CACFP institutions. Generally, states do not spend all of the

Table 4. Estimated Effects of H.R. 3874 on Direct Spending

	By Fiscal Year, in Millions of Dollars											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	5-year total	10-year total
Round down reimbursement rates												
Budget Authority	-6	-38	-42	-44	-45	-46	-47	-48	-48	-49	-175	-413
Outlays	-2	-35	-41	-44	-45	-46	-47	-48	-48	-49	-167	-404
Adjust Summer Food Program reimbursement rates for Alaska and Hawaii												
Budget Authority	*	*	*	*	*	*	*	*	*	*	1	3
Outlays	*	*	*	*	*	*	*	*	*	*	1	3
Expand private, nonprofit participation in the Summer Food Program												
Budget Authority	*	*	1	1	1	1	1	1	1	1	3	7
Outlays	*	*	1	1	1	1	1	1	1	1	2	6
Expand Offer versus Serve												
Budget Authority	*	*	*	*	*	*	*	*	*	*	1	3
Outlays	*	*	*	*	*	*	*	*	*	*	1	3
Reinstate categorical eligibility for Even Start participants												
Budget Authority	1	1	1	1	1	0	0	0	0	0	5	5
Outlays	1	1	1	1	1	*	0	0	0	0	5	5
Reduce 2 percent audit funds to 1 percent												
Budget Authority	-15	-15	-16	-17	-18	-19	-19	-21	-22	-23	-80	-183
Outlays	-5	-6	-6	-6	-7	-7	-7	-8	-8	-8	-29	-67
Make Kentucky-Iowa demonstration permanent												
Budget Authority	4	4	4	4	4	4	4	4	5	5	20	42
Outlays	3	4	4	4	4	4	4	4	5	5	19	41
Transfer homeless programs to CACFP												
Budget Authority	*	*	*	*	*	*	*	*	1	1	2	4
Outlays	*	*	*	*	*	*	*	*	1	1	2	4
Provide snacks for teens in low-income areas												
Budget Authority	1	1	1	1	1	2	2	2	2	2	6	14
Outlays	*	1	1	1	1	1	2	2	2	2	6	14
Provide after-school snacks through the School Lunch Program												
Budget Authority	7	14	24	26	28	30	32	35	38	40	98	273
Outlays	5	13	22	25	27	30	32	34	37	40	93	266
Spending from WIC fines and penalties												
Budget Authority	*	*	*	*	*	*	*	*	*	*	*	*
Outlays	*	*	*	*	*	*	*	*	*	*	*	*
Interactions												
Budget Authority	*	*	*	*	*	*	*	*	*	*	-1	-2
Outlays	*	*	*	*	*	*	*	*	*	*	-1	-2
Total												
Budget Authority	-8	-32	-27	-27	-27	-27	-26	-26	-24	-23	-120	-246
Outlays	4	-21	-18	-17	-16	-16	-14	-13	-11	-9	-68	-130

* = Less than $500,000.

Note: Details may not sum to totals due to rounding.

funding available to them: in 1995 states spent $15 million out of $23 million available; in 1996 states spent $15 million out of $26 million available. The proposal would cut the funds available to states by $15 million in 1999 rising to $23 million by 2008. Because a portion of that funding would not have been used anyway, spending would decrease by only an estimated $5 million in 1999 and $8 million by 2008.

Make Kentucky-Iowa Demonstration Permanent. Section 107(e) would permanently authorize a demonstration project that allows expanded participation by for-profit providers in CACFP in Kentucky and Iowa. Current law allows most for-profit providers to participate in CACFP only if at least 25 percent of the children at the center receive Title XX funds. In Kentucky and Iowa, a for-profit provider can also participate if at least 25 percent of the children enrolled meet the income eligibility criteria for free and reduced meals (185 percent of poverty). The pilot project was funded at $3.7 million in 1998. We estimate that funding would increase each year by 2.7 percent, the projected increase in the CACFP reimbursement rate. The provision would increase federal costs by $4 million to $5 million a year.

Transfer Homeless Programs to CACFP. Section 107(f) would consolidate two programs that provide meals to homeless children into CACFP. The Homeless Children Nutrition program serves children under age 7 in homeless shelters up to three meals and one snack per day. About 1 million meals were served through that program in 1997. The Summer Food Homeless program serves children under age 19 in homeless shelters up to two meals a day during summer months. About 100,000 meals were served through that program in 1997. The consolidated program would serve homeless children under age 13 up to three meals a day through CACFP. On balance, this program would provide reimbursement for more meals, mostly due to additional meals served to children between the ages of 6 and 12 year-round instead of just in the summer. The provision would cost less than $500,000 a year through 2006, and about $1 million in 2007 and 2008.

Provide Snacks for Teens in Low-Income Areas. Section 107(g) would allow centers that care for youth between the ages of 12 and 18 in low-income areas to participate in CACFP. Centers in areas where at least 50 percent of the enrolled students are certified eligible for free or reduced meals could be reimbursed for one snack per child per day. Reimbursement would be at the rate for free snacks and all snacks would be served free. Reimbursement would be available for snacks served after school, on holidays, and on weekends.

CBO estimates that, after the initial year, about 10,000 youths would participate in the programs, rising to 15,000 by 2008. About 500,000 children between the ages of 6 and 12 currently participate in CACFP. Data from the Survey of Income and Program Participation indicate that for every 20 children between the ages of 6 and 12 who are in care, one child

between the ages of 13 and 18 is in care. If after-school care programs serving children ages 13-18 participate at the same rate as those serving younger children, then 25,000 additional youths could participate daily. Because the program could operate only in low-income areas, CBO estimates that only 40 percent of those children (10,000) would be eligible to participate. This number is assumed to grow by 5.5 percent a year, the projected rate of growth for snacks served in CACFP.

After-school programs would be reimbursed for 1 million snacks in 1999, 2 million in 2000, and 3 million by 2008. The estimate assumes that programs would operate 200 days a year on average. The school lunch program operates 180 days, but this program can also operate on weekends and holidays. Each snack would be reimbursed at about 50 cents for an annual cost of $1 million to $2 million once the provision is phased-in.

Provide After-School Snacks through the School Lunch Program. Section 108 would allow schools that operate a school lunch program to receive reimbursement for snacks served to children in after-school care programs. Under current law, a school can receive reimbursement for after-school snacks only if it establishes a child care center and participates in CACFP. Many school-based after-school programs do not participate in CACFP, partly because they are not willing or able to meet state requirements for child care centers. The provision would make it significantly easier for schools to receive reimbursement for snacks served to children after school, because schools would not have to apply as child care centers through a separate federal program. Only after-school programs which have an educational or enrichment purpose and are organized primarily for the purpose of providing care could participate.

In 1999, about 16,000 after-school programs could potentially participate in the new snack program. In 1991, there were about 13,500 after-school programs in public and private schools according to a Department of Education (ED) study. About 97 percent of public schools and 45 percent of private schools participate in the school lunch program. CBO estimates that 10,600 sites had both a school lunch program and an after-school program. Participation in CACFP by after-school programs has grown by 9 percent each year in recent years. School enrollment grew about 2 percent a year in the early 1990s. CBO projects that the number of after-school programs would grow by the average of those two rates, or 5.5 percent a year.

The estimate assumes that 60 percent of eligible programs, or 9,600 programs, would participate. This is slightly less than the 70 percent rate at which schools participate in the school breakfast program. Wealthier schools are generally somewhat less likely to participate in the child nutrition programs, and ED data indicate that the schools with

after-school programs are somewhat wealthier than average. About 2,800 school-based after-school programs already receive reimbursement for snacks through the CACFP, so 6,800 additional after-school programs would participate.

The new program could serve 60 million new snacks in 1999, and 95 million by 2008. If the new programs are the average size of programs already participating in CACFP (45 children) and operate the same number of days a year as lunch and breakfast programs (180 days) then the program would subsidize 56 million snacks in 1999. Because children between the ages of 13 to 18 could also participate in the new program, the number of new snacks would be 5 percent higher. CBO projects the number of snacks would grow at the same rate projected for all snacks in CACFP.

Assuming the income of the new participants is the same as for CACFP, 58 percent of the snacks would receive reimbursement at the free rate, 8 percent at the reduced-price rate, and the remainder at the paid rate. CBO assumes that participation would increase gradually so the first year cost would be $6 million, about one-third of the cost of a fully implemented program. By 2001, the first year we expect the program would be fully phased in, the cost would be $23 million; the cost would rise to $39 million by 2008.

Spending from WIC Fines and Penalties. Section 202 would require state agencies to permanently disqualify from participating in the WIC program vendors who are convicted of trafficking in food instruments or selling firearms in exchange for food instruments. If disqualifying a vendor would pose a hardship to program participants, the vendor could remain in the program but would be assessed a civil money penalty by the state. In addition, states could impose fines on venders and participants who are found guilty of fraud against the program. These penalties and fines could be spent by the states on nutrition services, administrative expenses, and food benefit assistance. Finally, the bill would require courts to order persons convicted of violating any WIC provision to forfeit all property used in the transaction that resulted in the violation. The proceeds from a sale of the forfeited property would be used to reimburse federal and state agencies for costs incurred in the forfeiture proceedings. This section would increase both direct spending and receipts, but the amount is likely to be insignificant.

PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures

are shown in Table 5. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

Table 5. Summary of Pay-As-You-Go Effects of H.R. 3874

	By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	-	4	-21	-18	-17	-16	-16	-14	-13	-11	-9
Changes in receipts	-	*	*	*	*	*	*	*	*	*	*

* = Less than $500,000.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

Although Title I of the bill, which would reauthorize child nutrition programs, would impose new requirements on states and local education agencies, these requirements would not be mandates as defined in UMRA. Specifically, the bill would:

- Require local food service operations to undergo two annual health and safety inspections if state or local laws did not require it. Information from the American School Food Service Association (ASFSA) indicates that such inspections are required in all but two or three states. CBO estimates that local education agencies in the affected states would incur new costs of approximately $1 million a year.

- Require inflation adjustments for free and reduced price meals served in schools and day care centers to be rounded down to the nearest whole cent. CBO estimates that local education agencies would receive $2 million less in fiscal 1999 and $167 million less over the 1999-2003 period as the result of this provision.

- Reduce funds allocated for state audits under the Child and Adult Care Food Programs from 2 percent to 1 percent of funds spent on the program in the second preceding fiscal year. CBO estimates that states would receive $5 million less in fiscal 1999 and $30 million less for the 1999-2003 period as the result of this provision.

Section 421(5)(B)(ii) of UMRA provides that new grant conditions and reductions in federal funding for certain entitlement programs, including child nutrition programs, are mandates if the state, local, or tribal governments that participate in the program lack the authority to

amend their financial or programmatic responsibilities to continue providing required services under the program. Based on information from ASFSA and the Congressional Research Service, CBO assumes that states and local education agencies do, in general, have the authority to amend their financial and programmatic responsibilities to offset the costs imposed on them by this legislation. In addition to the flexibility under current law, the bill would grant additional flexibility by consolidating certain administrative requirements on states and local education agencies.

Title II of the bill, which would reauthorize the Special Supplemental Nutrition Program for Women, Infants, and Children, would also impose new requirements on the state and local agencies that administer the program. CBO estimates that the net costs of these new requirements, which would be the result of complying with grant conditions, would not be significant because many states are already complying. The bill would also reduce the state match rate requirement for participation in the Farmer's Market Nutrition program from 30 percent of total costs to 30 percent of administrative costs. CBO estimates that this change could save states $3.5 million annually.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 3874 contains no private-sector mandates as defined in UMRA.

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