



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 4, 2004

Child Nutrition and WIC Reauthorization Act of 2004

*As ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry
on May 19, 2004*

SUMMARY

The bill would amend and reauthorize child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). CBO estimates that enacting the bill would increase direct spending by \$232 million over the 2004-2009 period, and by \$487 million over the 2004-2014 period. Enacting the bill would not affect revenues.

Implementing this legislation also would affect spending subject to appropriation action. Those effects would be significant, but CBO has not completed an estimate of the bill's potential impact on discretionary spending. The bill would extend an existing (but expiring) authorization of appropriations for the WIC program. In addition, the bill would authorize appropriations—mostly of “such sums as necessary”—for a variety of demonstration projects related to child nutrition; initiatives in training, administration, and promotion of nutrition programs; and studies of best practices and potential improvements in such programs.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Because states and schools have flexibility in how they implement the child nutrition program and because they would receive new financial assistance, the new requirements of this legislation would not be intergovernmental mandates.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill's effects on direct spending is shown in Table 1. The changes in direct spending fall within budget function 600 (income security).

TABLE 1. SUMMARY OF EFFECTS ON DIRECT SPENDING OF THE CHILD NUTRITION AND WIC REAUTHORIZATION ACT OF 2004

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CHANGES IN DIRECT SPENDING ^a											
Estimated Budget Authority	7	69	43	35	40	46	50	51	51	52	52
Estimated Outlays	6	58	43	39	41	45	50	51	51	52	52

NOTE: Components may not sum to totals because of rounding.

a. Implementing the bill also would affect spending subject to appropriation, but CBO has not completed an estimate of those effects.

BASIS OF ESTIMATE

The following description and Table 2 detail those provisions that have significant budgetary effects. For this estimate, CBO assumes that the bill will be enacted by July 1, 2004.

Direct Certification and Household Applications

Sections 104 and 105 would alter the application process for school meals and would modify the procedures used to verify the income of participants. Section 104 would require the direct certification of children in Food Stamp households for free meals. This new requirement would be phased in over three years beginning on July 1, 2005. Section 105 would make changes to the verification requirements for free and reduced-price meal applications; and those changes would lead to savings because increased verification would likely result in the loss or reduction of meal benefits for some students.

On balance, CBO estimates that enacting sections 104 and 105, would have net savings of \$113 million through 2009 and \$219 million through 2014.

TABLE 2. ESTIMATED DIRECT SPENDING EFFECTS, BY PROVISION

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Title I, Amendments to Richard B. Russell National School Lunch Act											
Direct Certification											
Estimated Budget Authority	0	0	10	4	9	17	17	18	18	19	20
Estimated Outlays	0	0	4	7	10	16	17	18	18	19	19
Household Applications											
Estimated Budget Authority	0	0	-39	-42	-44	-46	-48	-50	-52	-54	-56
Estimated Outlays	0	0	-33	-41	-44	-45	-48	-49	-51	-53	-55
Interactions of Direct Certification and Household Applications Provisions											
Estimated Budget Authority	0	0	*	2	4	7	11	12	12	12	13
Estimated Outlays	0	0	*	2	4	7	11	12	12	12	13
Exclusion of Military Housing Allowances											
Estimated Budget Authority	*	2	3	4	4	4	4	4	4	5	5
Estimated Outlays	*	1	3	4	4	4	4	4	4	5	5
Summer Food Service Program for Children											
Estimated Budget Authority	0	2	2	2	2	2	2	2	2	3	3
Estimated Outlays	0	2	2	2	2	2	2	2	2	3	3
Child and Adult Care Food Program											
Estimated Budget Authority	6	44	46	46	47	48	50	51	52	54	55
Estimated Outlays	5	37	45	46	47	48	50	51	52	53	54
Fresh Fruit and Vegetable Program											
Estimated Budget Authority	0	9	9	9	9	9	9	9	9	9	9
Estimated Outlays	0	7	9	9	9	9	9	9	9	9	9
Summer Food Service Rural Transportation Demonstration											
Estimated Budget Authority	0	0	2	1	1	0	0	0	0	0	0
Estimated Outlays	0	0	2	1	1	*	0	0	0	0	0
Summer Food Service Residential Camp Demonstration											
Estimated Budget Authority	*	1	0	0	0	0	0	0	0	0	0
Estimated Outlays	*	1	0	0	0	0	0	0	0	0	0

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<hr/>											
Year-Round Services for Eligible Entities											
Estimated Budget Authority	0	1	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	*	1	0	0	0	0	0	0	0	0
Training, Technical Assistance, and Food Service Management Institute											
Estimated Budget Authority	0	1	1	1	1	1	1	1	1	1	1
Estimated Outlays	0	1	1	1	1	1	1	1	1	1	1
Administrative Error Reduction											
Estimated Budget Authority	0	9	8	6	6	3	3	3	3	3	3
Estimated Outlays	0	7	8	6	6	3	3	3	3	3	3
Information Clearinghouse											
Estimated Budget Authority	*	*	*	*	*	0	0	0	0	0	0
Estimated Outlays	*	*	*	*	*	*	0	0	0	0	0
Gleaning of Fresh Fruits and Vegetables											
Estimated Budget Authority	0	*	*	*	*	0	0	0	0	0	0
Estimated Outlays	0	*	*	*	*	0	0	0	0	0	0
<hr/>											
Title II, Amendments to Child Nutrition Act of 1966											
Severe Need Assistance											
Estimated Budget Authority	*	1	1	1	1	1	1	1	1	1	1
Estimated Outlays	*	1	1	1	1	1	1	1	1	1	1
<hr/>											
Total Changes in Direct Spending											
Estimated Budget Authority	7	69	43	35	40	46	50	51	51	52	52
Estimated Outlays	6	58	43	39	41	45	50	51	51	52	52

NOTES: Components may not sum to totals because of rounding.

* = Less than \$500,000.

Direct Certification. Current regulations give school food authorities the option to directly certify children for free meals by obtaining documentation from the state or local Food Stamp, Temporary Assistance to Needy Families (TANF), or Food Distribution Program on Indian Reservations (FDPIR) agency. Students who are directly certified for free meals do not have to complete an application and are not subject to the income verification process. According to a recent report from the U.S. Department of Agriculture's (USDA's) Economic Research Service (ERS), 68 percent of all students were enrolled in a district that used direct certification during the 2001-2002 school year.

Section 104 would require state agencies to enter into direct certification agreements with the state Food Stamp agency and would require schools to directly certify eligible children. This requirement would be phased in over three years based on district size, starting with the largest school districts.

The overwhelming majority of students who would be directly certified under the bill are students who are already receiving free meals because they have submitted a paper application. Research from ERS indicates that direct certification leads to a small increase in participation among students eligible for free meals. CBO estimates that once direct certification is fully implemented, annual costs will increase by about \$340, on average, for roughly 50,000 students.

This provision also would provide \$9 million to assist states in implementing the new direct certification requirement. In total, the direct certification provision would increase spending by \$37 million through 2009 and by \$129 million through 2014.

Income Verification. Section 105 would expand the requirements for verifying the eligibility of a sample of free and reduced-price applications. Under current regulations, local school food authorities are required to verify either:

- (1) 3 percent or 3,000 free and reduced-price meal applications drawn at random from all applications; or
- (2) The lesser of 1 percent or 1,000 of total applications selected from non-Food Stamp households with monthly incomes within \$100 of the monthly income eligibility limit for free or reduced-price meals plus the lesser of 0.5 percent or 500 applications from households that provide a Food Stamp, TANF, or FDPIR case number.

Section 105 would change the verification requirements for local education agencies with high nonresponse rates in their verification procedures. A nonresponse rate is the percentage of applications chosen for verification for which the local education agency is not able to

get the required documentation from the household. Districts that cannot verify at least 80 percent of applications chosen for verification or districts with 20,000 or more students certified by application for free and reduced-price meals that do not decrease their nonresponse rate by at least 10 percent from their rate two years earlier would be required to comply with the new verification procedures. These districts would be required to verify the lesser of 3,000 or 3 percent of all applications selected from households that report monthly incomes within \$100 of the monthly income eligibility limit.

In addition, this provision would make two additions to the verification procedures for all school food authorities. First, prior to verifying an application, an individual other than the one who made the initial eligibility determination, must review the applications to ensure that the correct determination was made. If there is an error, the school food authority would make any necessary adjustments to the student's status. This could lead to an increase in savings. According to a report from the USDA's Food and Nutrition Service (FNS), the majority of administrative errors in eligibility determinations lead to a student being certified for greater benefits than they should be eligible to receive. Second, all school food authorities would be required to follow up at least once with households that do not respond to requests for verification. When a household fails to respond to a verification request, the student loses his or her free or reduced-price certification. An additional follow-up with these households could slightly reduce the nonresponse rate and reduce the amount of savings from income verification.

Based on data from FNS about the nonresponse rates of school districts, CBO estimates that about 85 percent of free and reduced-price students are in districts that will be subject to the new sample-size procedures for income verification. Under the new procedures, a slightly greater share of applications will be verified nationwide and a greater share of them will be error-prone (within \$100 of the monthly income limit). The increased verification procedures will increase savings by uncovering more errors in reporting of household income. In many cases, when the verification process uncovers underreporting of household income, the student's meal eligibility status is reduced. In addition, some students will lose meal benefits because they fail to provide the necessary documents for verification. In a few cases, however, households may have overreported income, and the verification process would lead to an increase in meal benefits.

Section 105 would also provide \$2 million in FY 2006 to fund an evaluation of the effectiveness of directly verifying applications.

Interaction Effects. Taken alone, CBO estimates that the new verification procedures in section 105 would decrease spending by \$163 million over the 2006-2009 period and \$420 million through 2014. However, these estimated savings would decrease after taking

into account the direct certification proposal in section 104. Students who are directly certified are not subject to the verification process. With the increase in direct certifications required by section 104, the pool of applications eligible for verification is smaller, thus reducing the potential savings.

With the direct certification provisions, CBO estimates that by 2010 an additional 100,000 students annually—about 40,000 fewer than without such direct certification—would have meal benefits reduced by an average of \$365 as a result of increased verification procedures. As a result, the gross savings cited above would be lowered by \$13 million over the 2006-2009 period and by \$72 million through 2014. This estimate is based on data from FNS on the results of the verification process for both random and error-prone samples of applications.

Exclusion of Military Housing Allowances

Section 108 would make permanent a provision requiring that the housing allowance of military personnel living in privatized housing units not be counted toward income when determining the eligibility of children for free and reduced-price school meals. This provision was set to expire on September 30, 2003, but has been extended several times, the latest extension is to June 30, 2004, by Public Law 108-211. Based on the income, housing, and family size data for enlisted military personnel, CBO estimates that benefits for about 7,000 children will increase in 2005 as a result of this provision, eventually rising to 16,000 as more privatized units become available. This provision would take effect upon enactment of the bill. CBO estimates that the increase in direct spending will not be significant (less than \$500,000) for the remainder of fiscal year 2004. In 2005, CBO estimates that it would cost \$1 million, rising to an average of about \$4 million a year thereafter.

Summer Food Service Program for Children

Section 115 would reauthorize the Summer Food Service Program (SFSP), expand and make permanent the current Summer Food Pilot Project (renamed as the Simplified Summer Food Program), and authorize a demonstration to lower the area eligibility requirements for the SFSP in the rural areas of one state for two years. CBO estimates that, taken together, these changes would cost between \$2 million and \$3 million a year over the 2005-2014 period.

In the SFSP, sponsors are reimbursed for actual costs incurred for providing meals, up to the maximum reimbursement rate. In the current Summer Food Pilot Project, SFSP sites in

13 states and Puerto Rico (other than those run by private, nonprofit sponsors) automatically receive the maximum reimbursement per meal. This provision would extend the program to six additional states and would allow private, nonprofit sponsors to participate in the program. CBO estimates that this expansion would result in serving about 400,000 additional meals, for an incremental cost of about \$1 million a year. When fully implemented in 2007, CBO estimates that the costs of roughly 12 million meals in the SFSP will be reimbursed at an average of 13 cents more per meal than under current law.

Under current law, organizations are eligible to participate in the SFSP if they are located in a neighborhood where at least 50 percent of the children are eligible for free or reduced-price school meals or if at least 50 percent of the children enrolled in the program meet those income requirements. In this demonstration, the requirement would be lowered to 40 percent for two years in the rural areas of one state chosen by the Secretary. Based on data on rural schools and SFSP participation rates in rural areas, CBO estimates that by 2006, about 35 new sites would participate in the SFSP, increasing costs by less than \$500,000 a year. This provision also would provide \$400,000 in 2005 for an evaluation of the demonstration's impact on participation of both students and sponsoring organizations in the SFSP.

Child and Adult Care Food Program

Section 117 would expand eligibility for participation in the Child and Adult Care Food Program (CACFP), authorize a demonstration to lower the area eligibility requirements for day care homes in the CACFP in the rural areas of one state for two years, and reauthorize a management improvement initiative. CBO estimates that enacting this section would increase direct spending by about \$230 million from 2004 through 2009, and by about \$490 million over the 2004-2014 period.

Section 117(a) would make permanent a provision to allow for-profit child care centers to participate in the CACFP if at least 25 percent of the children served by a center are income-eligible for free and reduced-price school meals. Under current law, the authority expires June 30, 2004. Based on the estimated growth in the number of for-profit centers that have participated in CACFP under this provision since it was instituted, CBO anticipates that about 2,000 for-profit centers would participate in CACFP if this provision were made permanent. Each center would receive about \$21,000 on average in annual reimbursements from CACFP. CBO estimates that this expansion would cost \$473 million over the 2004-2014 period.

Section 117(e) would authorize a demonstration to lower the area eligibility requirements for two years for day care homes in the rural areas of one state chosen by the Secretary. Under current law, day care homes in the CACFP are eligible for the "Tier I" reimbursement rate if they are located in a neighborhood where at least 50 percent of the children are eligible for free or reduced-price school meals or if the provider's own household income is at or below 185 percent of the federal poverty guidelines. All other day care homes are classified as "Tier II" and reimbursed at a rate that is, on average, about half that of the Tier I rates. In this demonstration, the requirement would be lowered to 40 percent for two years in one state chosen by the Secretary.

Based on data on rural schools and CACFP homes, CBO estimates that by 2007, about 500,000 additional meals would be reimbursed at the Tier I rate. Most of these meals would be in day care homes that are currently participating in the CACFP under the Tier II reimbursement and would become newly eligible for the Tier I rate. CBO assumes only a small increase in new homes participating in the CACFP as a result of the demonstration. This provision also would provide \$400,000 in 2006 for an evaluation. CBO estimates that this demonstration would cost about \$1 million over the two years.

Section 117(f) would reauthorize mandatory spending for the CACFP management support for 2005 and 2006 at \$1 million a year. Under this provision, the Secretary provides management training and technical assistance to state CACFP agencies.

Section 117(g) would increase the age limit for children served in emergency shelters participating in the CACFP from 12 to 18. CBO estimates that about 1,500 additional homeless youth would be served through the increase in the age limit and a small increase in providers participating in the CACFP. This estimate is based on data from the National Survey of Homeless Assistance Providers and Clients on the number and age of homeless youth in emergency shelters. CBO estimates that this change would cost \$14 million through 2014.

Fresh Fruit and Vegetable Program

Section 118 would permanently authorize and provide \$9 million a year for a program to provide free fruits and vegetables to children in 25 schools in each of eight states and three Indian reservations.

Summer Food Service Rural Transportation Demonstration

Section 119 would provide \$2 million in fiscal year 2006 and \$1 million in 2007 and in 2008 for a demonstration to provide grants to not more than 60 eligible service institutions in five states to provide transportation for children to SFSP sites in rural areas.

Summer Food Service Residential Camp Demonstration

Section 120 would authorize a two-year demonstration to allow two nonprofit, residential summer camps to be reimbursed for meals under the SFSP. Under current law, a camp can participate in the SFSP if it is located in a neighborhood where at least half of the children are income-eligible for free or reduced-price meals. This pilot would allow two residential camps that serve children without charge from area-eligible neighborhoods, but are not necessarily located in the neighborhood itself, to participate in the SFSP. This provision would become effective on July 1, 2004. Based on data on the number of children and average lengths of stay in a residential camp, CBO estimates that this provision would increase spending by less than \$500,000 in 2004 and about \$1 million in 2005.

Year-Round Services for Eligible Entities

Section 126 would make \$1 million available in 2005 to allow one service institution in California to be reimbursed year-round for meals under the SFSP. Under current law, SFSP sites can only be reimbursed for meals served during a school vacation period.

Training, Technical Assistance, and Food Service Management Institute

Section 128 would increase mandatory funding for the Food Service Management Institute by \$1 million a year. CBO estimates that this provision would increase spending by \$5 million over the 2005-2009 period.

Administrative Error Reduction

Section 129 would provide funds for training and technical assistance to reduce administrative errors in school meal programs, as well as increase the number of administrative reviews of certain local education agencies' meal programs. Section 129(a) would provide \$5 million in each of 2005 and 2006 and \$3 million a year in each of 2007

and 2008 for federal training and technical assistance to state and local agencies on best management and administrative practices.

Section 129(b) would require an additional review for a local education agency that the Secretary of Agriculture determines to be at high risk for administrative error. Under current regulations, school food authorities (SFA) are required to have an administrative review at least once every five years and a follow-up review if it fails to meet review standards. If the audit reveals that an SFA has received payments in error, FNS recovers those overpayments. For example, if a student is found to have been incorrectly certified as eligible for free meals when he or she is only eligible for reduced-price meals, FNS recoups those overpayments.

This provision also would extend the maximum period of time for which overpayments can be collected if a school food authority fails both an initial and a follow-up review for both the current review system and the additional review added by this provision. Overpayments could be collected for up to 60 days for a failed follow-up review or 90 days in subsequent follow-up reviews. Based on data on the amount of money recouped from the current administrative review procedure, CBO estimates that the additional review and the extended period of collection will result in savings of \$1 million to \$2 million annually over the 2005-2014 period.

Section 129(c) would require each state to provide annual training on administrative practices to local school food authority personnel. This provision would provide \$4 million a year, beginning in fiscal year 2005, to the Secretary to assist states in providing training and conducting additional administrative reviews.

CBO estimates that all of these provisions would increase direct spending by \$43 million over the 2005-2014 period.

Information Clearinghouse

Section 131 would reauthorize the Information Clearinghouse and increase the funding to \$250,000 a year through 2008. The Information Clearinghouse provides information on food assistance program to organizations that work with low-income individuals. CBO estimates that this provision would increase direct spending by about \$1 million over the 2004-2009 period.

Gleaning of Fresh Fruits and Vegetables

Section 133 would provide \$100,000 annually in fiscal years 2005 through 2008 for grants to a nongovernmental organization to establish and maintain a field gleaning operation to encourage the consumption of fresh fruits and vegetables. CBO estimates that this provision would increase direct spending by less than \$1 million dollars over the 2005-2009 period.

Severe Need Assistance

Section 201 would eliminate cost accounting for breakfasts served in schools classified as "severe need" schools (defined below) and eliminate the waiting period for new schools to receive the severe need rate. CBO estimates that this provision would increase direct spending by \$1 million annually.

Currently, a school participating in the School Breakfast Program (SBP) is classified as a "severe need" school and eligible for a higher reimbursement for free and reduced-price breakfasts if at least 40 percent of the lunches served in the school in the second preceding year were free or reduced-price. Severe need schools are reimbursed for their actual costs incurred in providing breakfast, up to the maximum severe need rate. Based on discussions with the Food and Nutrition Service, there are some schools that are eligible for the severe need rate but do not receive it because of the paperwork entailed in accounting for per-meal costs. This provision would allow these schools to automatically receive the maximum severe need rate for each breakfast served. Based on data on the number of schools that would meet the severe need eligibility requirements and the number reported to be receiving the higher rate, CBO estimates that about 200 schools would begin receiving the severe need rate under this provision, increasing payments by about \$1,800 per school on average.

In addition, this provision would allow new schools to automatically receive the severe need rate if the Secretary determines that a school would have otherwise met the requirements. Based on the number of schools that enter the National School Lunch Program (NSLP) each year and the participation rate in SBP, CBO estimates that each year, about 150 additional schools would start receiving the severe need rate earlier than they would have under current law, increasing payments by about \$1,800 per school on average.

Spending Subject to Appropriation

The bill has several provisions that would affect spending subject to appropriations. CBO has not completed an estimate of these potential effects on discretionary spending. Unless

otherwise noted, the bill's authorizations of appropriations generally would take effect beginning with fiscal year 2005. The following is a description of the provisions of the bill that would affect discretionary spending.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

Section 204 would extend the authorization of appropriations of such sums as are necessary for the WIC program through fiscal year 2008. In 2004, \$4.6 billion was appropriated for WIC. The WIC program provides food and other support to low-income pregnant, post-partum, and breast-feeding women; and to infants and children up to age five. The bill would also make several changes to the underlying authorization of the program including changes in the certification procedures for participants, certification and contracts with vendors, the bidding process for infant formula contracts and rebates, and the funding for breast-feeding promotion and information systems.

Demonstrations. The bill would authorize several demonstration projects:

- *Healthy school nutrition environment demonstrations.* Section 121 would authorize the appropriation of such sums as are necessary to conduct demonstrations in elementary and secondary schools to create healthy school nutrition environments and evaluate the impact on the health and well-being of the students.
- *Food service program personnel professional standards demonstration.* Section 122 would authorize the appropriation of such sums as are necessary for a demonstration to assist states in providing training for food service professionals to obtain certain credentials or certificates. In addition, the demonstration would include an assessment of food service professional certifications and credentials.
- *School garden grant demonstration.* Section 123 would authorize the appropriation of \$15 million for a demonstration to provide grants to states, schools or nonprofit organizations to support school gardens.
- *Childhood obesity prevention demonstration.* Section 125 would authorize the appropriation of \$250,000 for each of fiscal years 2005 through 2008 for a grant to a national organization to obesity prevention activities for children with limited English proficiency in child care centers.
- *Free lunch and breakfast expansion demonstration.* Section 127 would authorize the appropriation of such sums as are necessary for a demonstration in five states to raise the income eligibility limit for free lunches and breakfasts from 130 percent of poverty to 185 percent of poverty.

Training, administration, and education promotion. The bill would authorize appropriations for several initiatives related to training for, administration of, and promotion of nutrition programs:

- *Nutrition promotion.* Section 101 would authorize such sums as are necessary for the Secretary to make annual payments to states, using a formula based on a state's proportion of meals served under the Richard B. Russell School Lunch Act, to promote nutrition in food service programs.
- *Purchases of locally produced foods.* Section 111 would extend the authorization of appropriation of \$400,000 for one year to 2008 to provide start-up grants to institutions participating in the NSLP and SBP to purchase locally produced foods.
- *Access to local foods.* Section 124 would authorize such sums as are necessary to provide competitive matching grants to schools and nonprofits for projects that improve access to local foods for schools and institutions participating in federal meal programs and support nutrition education programs.
- *Procurement training.* Section 114 would authorize the appropriation of \$1 million annually for 2005 through 2008 to provide training and technical assistance to states on procurement of goods and services for federal meal programs.
- *Training, technical assistance, and food service management institute.* Section 128 would authorize the appropriation of \$1 million annually for training and technical assistance activities.
- *Food employment empowerment and development program.* Section 401 would authorize \$20 million a year for 2005 through 2008 to make grants to organizations to combat hunger at the community level.
- *Team nutrition network.* Section 205 would authorize such sums as are necessary for grants to states for nutrition education activities for children, and for training and technical assistance to states, schools, and community nutrition programs.
- *Compliance and Accountability.* Section 130 would reauthorize the appropriation of funds for accountability systems in federal meal programs. This provision also would increase the authorization of appropriation from \$3 million a year to \$6 million a year for 2004 through 2008.

- *State Administrative Expenses.* Section 202 would authorize the appropriation of such sums as are necessary for grants to states to improve school technology and information systems.

Evaluations. Finally, the bill would authorize appropriations for various studies and program evaluations:

- *Review of best practices in the breakfast program.* Section 206 would authorize the appropriation of such sums as are necessary to conduct a review of the best practices to assist school food authorities in expanding the School Breakfast Program.
- *Program evaluation.* Section 132 would authorize the appropriation of \$5 million annually for national performance assessments of meal programs and such sums as are necessary for a study of the feasibility of improving the certification process for the school lunch program.
- *Fresh fruit and vegetable program.* Section 118 would authorize such sums as are necessary to expand the fresh fruit and vegetable program.
- *World Food Prize.* Section 203 would authorize such sums as are necessary to provide assistance to the World Food Prize Foundation for activities including acquisition or improvement of property and research and outreach.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

For large entitlement programs like the child nutrition program, the Unfunded Mandates Reform Act defines an increase in the stringency of conditions or a cap on federal funding as an intergovernmental mandate if the affected governments lack authority to offset those costs while continuing to provide required services. This bill would alter, and in some cases increase, some of the conditions for receiving assistance under the child nutrition program. However, the bill also would increase federal reimbursements for administrative expenses and would provide funding for some of the requirements. In other cases, schools and school food authorities currently have sufficient flexibility in the program to enable them to comply with the changes and still provide the required services. Consequently, the legislation contains no intergovernmental mandates as defined in UMRA.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill contains no private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On March 23, 2004, CBO transmitted a cost estimate for H.R. 3873, the Child Nutrition Improvement and Integrity Act, as ordered reported by the House Committee on Education and the Workforce on March 10, 2004. H.R. 3873 contains several child nutrition proposals, including a provision to expand direct certification and increase the requirements for income verification. CBO estimated that H.R. 3873 would increase direct spending by \$550 million over the 2004-2014 period.

The estimate for the Senate bill differs from the estimate for H.R. 3873 largely because the Senate bill has different requirements for income verification, because the Senate bill would provide a gradual phase-in of direct certification, and because it would provide mandatory funding for additional projects.

ESTIMATE PREPARED BY:

Federal Costs: Kathleen FitzGerald
Impact on State, Local, and Tribal Governments: Leo Lex
Impact on the Private Sector: Samuel Kina

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis