



March 23, 2004

Honorable John A. Boehner  
Chairman  
Committee on Education  
and the Workforce  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

Earlier today, CBO transmitted a detailed estimate of the direct spending effects of H.R. 3873, the Child Nutrition Improvement and Integrity Act, as ordered reported by the Committee on Education and the Workforce on March 10, 2004. As you requested, CBO is now providing an estimate of the direct spending effects of a potential amendment (as provided to CBO on March 23, 2004) in the nature of a substitute for H.R. 3873.

CBO estimates that enacting the substitute would increase direct spending by \$14 million in fiscal year 2004, \$235 million over the 2004-2009 period, and \$447 million over the 2004-2014 period (see attached table). For the 2004-2008 period, the years covered by the Concurrent Resolution on the Budget for Fiscal Year 2004, the increase in direct spending would be \$192 million. (The annual components do not sum to the totals because of rounding.)

The differences in the costs between the bill as ordered reported and the substitute relate to two provisions: the Year-Round Community Child Nutrition Program pilot and the Summer Food Pilot Project (often referred to as the "Lugar pilot"). CBO estimates the costs of extending the former on a state-wide basis to California (the policy in the version of H.R. 3873 ordered reported by the Committee) would amount to about \$36 million over the 2004-2008 period; the substitute would limit the program in California such that the total additional costs could not exceed \$1 million over the same five years.

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In the substitute, the expansion of the Lugar pilot program, which allows participating sites in the Summer Food Service Program to receive the maximum reimbursement rate rather than the actual costs of meals provided, would modify the current-law formula to determine the three states that would be added to the pilot. In contrast, the Committee-approved version of H.R. 3873 would introduce a different formula to select the three states. Although the formulas would yield one state in common, participating sites in the other two states chosen under the substitute serve more meals than in the two states that would be selected under H.R. 3873 as ordered reported. Consequently, CBO estimates the costs for this provision under the substitute is about \$2 million higher over the 2004-2008 period.

As a result, the five-year costs for the amendment in the nature of a substitute are \$34 million less than the estimated costs for the bill as ordered reported by the Committee (\$192 million versus \$226 million).

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen FitzGerald, who can be reached at 226-2820.

Sincerely,

Douglas Holtz-Eakin  
Director

cc: Honorable George Miller  
Senior Democratic Member

Attachment

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**Direct Spending Effects of an Amendment in the Nature of a Substitute to H.R. 3873**

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By Fiscal Year, in Millions of Dollars

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

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**Title I, Ensuring Access to Child Nutrition Programs**

Exclusion of Military Housing Allowances											
Estimated Budget Authority	0	2	3	4	4	4	4	4	4	5	5
Estimated Outlays	*	1	3	4	4	4	4	4	4	5	5
Eligibility for Severe Need Assistance											
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
Reauthorization of Summer Food Program											
Estimated Budget Authority	1	2	2	2	2	2	3	3	3	3	3
Estimated Outlays	1	2	2	2	2	2	2	3	3	3	3
Child and Adult Care Food Program											
Estimated Budget Authority	15	44	45	46	47	48	50	51	52	53	55
Estimated Outlays	12	39	45	45	47	48	49	51	52	53	54
Area Eligibility Demonstration											
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
Year-Round Community Child Nutrition Program Pilot											
Estimated Budget Authority	0	*	*	*	*	0	0	0	0	0	0
Estimated Outlays	0	*	*	*	*	0	0	0	0	0	0

**Title II, Improving Program Quality and Integrity**

Eligibility and Certification for Free and Reduced Price Lunches											
Estimated Budget Authority	0	1	-16	-17	-19	-20	-21	-22	-23	-25	-26
Estimated Outlays	0	1	-13	-17	-18	-19	-21	-22	-23	-24	-26
Minimum State Administrative Expense Grants											
Estimated Budget Authority	0	1	1	1	2	2	2	2	2	2	2
Estimated Outlays	0	1	1	1	2	2	2	2	2	2	2
Administrative Error Reduction											
Estimated Budget Authority	0	6	6	5	5	3	3	3	2	2	2
Estimated Outlays	0	3	7	5	5	4	3	3	3	3	3

**Total Changes in Direct Spending**

Estimated Budget Authority	17	57	43	42	42	41	41	41	42	42	42
Estimated Outlays	14	48	46	43	43	42	42	42	43	43	43

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NOTE: \* = Less than \$500,000.

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