



March 11, 2016

Honorable Pat Roberts
Chairman
Committee on Agriculture,
Nutrition, and Forestry
United States Senate
Washington, DC 20510

Re: Improving Child Nutrition Integrity and Access Act of 2016

Dear Mr. Chairman:

The Congressional Budget Office (CBO) has estimated the budgetary effects of the Improving Child Nutrition Integrity and Access Act of 2016, as ordered reported by the Committee on Agriculture, Nutrition, and Forestry on January 20, 2016, and posted on the committee's website.

The legislation would make changes to child nutrition programs—primarily the National School Lunch Program, the School Breakfast Program, the Summer Food Service Program (SFSP), and the Child and Adult Care Food Program (CACFP). It also would reauthorize through 2020 the SFSP and funding for state administration of child nutrition programs. (Other child nutrition programs are permanently authorized.)

Relative to CBO's March 2015 baseline (updated to include actual reimbursement rates for the 2015-2016 school year), CBO estimates that enacting this legislation would increase the federal budget deficit by \$1.1 billion over the 2016-2025 period. (See Table 1; direct spending would increase by \$1.1 billion over that period and revenues would increase by \$7 million.) Because enacting the legislation would affect direct spending and revenues, pay-as-you-go procedures apply. Implementing the legislation also would affect spending subject to appropriation, in particular for the Special Supplemental Nutrition Program for Women, Infants and Children. However, CBO has not yet completed an estimate of the discretionary spending effects of the bill.

Direct Spending

Most of the provisions in the legislation would increase direct spending for child nutrition programs. A few provisions would either decrease spending on those programs or increase revenues. (Table 2 shows the estimated budgetary effects of each provision.) Specifically, the legislation would:

- Change the process for verifying income on applications for free and reduced-price school meals by using different criteria to target applications for verification and by increasing the percentage of applications that must be examined. CBO projects that the increase in the percentage of applications examined would lead to a reduction in the number of children certified for free and reduced-price meals. CBO estimates that enacting those provisions would reduce direct spending by \$294 million over the 2016-2025 period.
- Allow certain sites that provide benefits through SFSP to serve meals on a year-round basis, give states the option to offer a limited number of children during the summer an electronic benefit card to purchase food, and allow sites in rural and high-poverty areas to provide meals for off-site consumption. CBO projects that those provisions would increase participation in child nutrition programs during both the summer and the school year. In total, CBO estimates that enacting those provisions would increase direct spending for SFSP by \$568 million over the 2016-2025 period.
- Allow certain residential care centers for children and boarding schools funded by the Bureau of Indian Education to provide meals and snacks to children through CACFP and allow participating day care centers and child care homes to offer an additional snack to children who receive care for nine or more hours a day. CBO projects that those provisions would increase the number of meals and snacks served through CACFP. In total, CBO estimates that enacting those provisions would increase direct spending for CACFP by \$445 million over the 2016-2025 period.
- Authorize funding for equipment grants to local educational agencies, school food authorities, and tribal organizations. CBO estimates that the grants would result in increased participation in the child nutrition programs by eligible children and that the greater participation would increase direct spending for those programs by \$224 million over the 2016-2025 period. (The funding for the grants is subject to appropriation.)

Other provisions in the legislation would affect direct spending by smaller amounts, including increased spending for the Farm to School Program, a centralized exchange network, and new studies and reviews of various aspects of the child nutrition programs.

Finally, the legislation would reauthorize funding for the SFSP and state administration of the child nutrition programs through 2020. As required by the Balanced Budget and Emergency Deficit Control Act of 1985, the costs of extending the those child nutrition programs are included in CBO's baseline and are therefore not included in the costs attributable to this bill. CBO estimates that those costs would total about \$3 billion over the 2017-2020 period. (The bill also would reauthorize those programs for 2016, but those programs received an appropriation for 2016 and those amounts are also included in CBO's baseline.)

Revenues

The legislation includes one provision that would require the Secretary of Agriculture to impose civil penalties on contractors found guilty of certain activities. CBO estimates that enacting that provision would increase revenues by \$7 million over the 2016-2025 period.

Long-Term Budgetary Effects

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in the first two consecutive 10-year periods beginning in 2026. However, we estimate that enacting the legislation could increase net direct spending and on-budget deficits by more than \$5 billion in the third 10-year period and would increase them by more than \$5 billion in the fourth 10-year period because inflation and rising program participation would steadily boost the annual cost of the bill's provisions.

Intergovernmental and Private-Sector Mandates

The bill would impose new mandates as defined in the Unfunded Mandates Reform Act (UMRA) on states and on school districts that implement the child nutrition program. Those mandates would:

- Require the Food and Nutrition Service (FNS) to review the feasibility and evaluate the benefits of using a unique student identifier in the school meals program, which might result in school districts upgrading technology to comply with the new requirements.

The costs could vary depending upon how FNS would implement the new requirements, but assuming that the agency would not require major systemic changes, CBO estimates that the costs would be less than \$50 million. Most of those costs would be incurred in the first or second year after implementation.

- Impose additional duties on states and local educational agencies (LEAs) when they review applications and verify eligibility in school meal programs. CBO estimates that this provision would cost less than \$10 million annually.
- Require school districts to meet new minimum standards for software used to claim reimbursement in the school lunch programs. CBO estimates that this requirement would cost less than \$5 million annually.
- Extend a number of other requirements through 2020, including reports about food safety inspections by state agencies, continuation of preferences for domestic products in procurement, and other administrative requirements. CBO estimates that the costs of extending those requirements would be covered by funding authorized in this bill.

In aggregate, CBO estimates that the costs of intergovernmental mandates in the bill would fall below the threshold established in UMRA (\$77 million in 2016, adjusted annually for inflation). The bill contains no private-sector mandates.

I hope this information is useful to you. If you need additional details, we would be pleased to provide them. The CBO staff contact is Jennifer Gray.

Sincerely,

for 

Keith Hall
Director

Enclosure

cc: Honorable Debbie Stabenow
Ranking Member

**TABLE 1. CHANGES IN DIRECT SPENDING AND REVENUES AND THE RESULTING EFFECT ON THE DEFICIT OF THE IMPROVING CHILD NUTRITION INTEGRITY AND ACCESS ACT OF 2016,
AS ORDERED REPORTED BY THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY ON JANUARY 20, 2016**

	By Fiscal Year, in Millions of Dollars										2016- 2020	2016- 2025
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
INCREASE IN DIRECT SPENDING												
Estimated Budget Authority	3	20	80	74	109	121	143	173	189	204	286	1,116
Estimated Outlays	2	15	74	77	103	116	140	166	184	200	271	1,077
INCREASE IN REVENUES												
Estimated revenues	0	*	*	1	1	1	1	1	1	1	2	7
INCREASE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Effect on Deficit	2	15	74	76	102	115	139	165	183	199	269	1,070

Source: Congressional Budget Office.

Notes:

Components may not sum to totals because of rounding; * = between -\$500,000 and \$500,000. Excludes discretionary spending that would be subject to annual appropriation.

For revenues, positive numbers indicate a decrease in the deficit.

Estimates are relative to CBO's March 2015 baseline updated to reflect actual reimbursement rates for school year 2015-2016.

Estimates are based on the bill language posted on the Senate Committee on Agriculture, Nutrition and Forestry's website on January 20, 2016.

Assumes enactment by July 1, 2016.

**TABLE 2. SUMMARY OF ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF THE IMPROVING CHILD NUTRITION INTEGRITY AND ACCESS ACT OF 2016,
AS ORDERED REPORTED BY THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY ON JANUARY 20, 2016**

	By Fiscal Year, in Millions of Dollars										2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
INCREASE OR DECREASE (-) IN DIRECT SPENDING												
Sec. 101: Rescind unobligated funds provided in HHFKA, section 201												
Estimated Budget Authority	-3	0	0	0	0	0	0	0	0	0	-3	-3
Estimated Outlays	-1	-2	0	0	0	0	0	0	0	0	-3	-3
Section 103: Change commodity reimbursement calculation												
Estimated Budget Authority	0	18	18	18	18	0	0	0	0	0	72	72
Estimated Outlays	0	15	18	18	18	3	0	0	0	0	69	72
Sec. 105: Modify income verification procedures												
Estimated Budget Authority	0	-15	-1	-36	-37	-39	-41	-42	-44	-46	-89	-301
Estimated Outlays	0	-16	-2	-28	-37	-39	-40	-42	-44	-46	-83	-294
Sec. 106: Change revenue accounting related to certain lunches												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	*
Sec. 107: Allow certain SFSP service institutions to operate year-round												
Estimated Budget Authority	0	0	4	10	17	26	34	42	49	57	31	239
Estimated Outlays	0	0	4	9	16	24	33	40	48	55	29	229
Sec. 107: Allow states to offer summer EBT cards to a limited number of children												
Estimated Budget Authority	0	0	22	25	28	28	29	30	31	32	75	225
Estimated Outlays	0	0	22	25	28	28	29	30	31	32	75	225

**TABLE 2. SUMMARY OF ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF THE IMPROVING CHILD NUTRITION INTEGRITY AND ACCESS ACT OF 2016,
AS ORDERED REPORTED BY THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY ON JANUARY 20, 2016**

	By Fiscal Year, in Millions of Dollars										2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
INCREASE OR DECREASE (-) IN DIRECT SPENDING												
Sec. 107: Allow SFSP service institutions in certain areas to serve meals for off-site consumption												
Estimated Budget Authority	0	6	8	10	14	14	15	15	16	16	38	114
Estimated Outlays	0	6	8	10	14	14	15	15	16	16	38	114
Sec. 107: Increase allowable spending for SFSP-related health inspections												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	*
Sec. 109: Allow RCCIs to serve meals through CACFP												
Estimated Budget Authority	0	1	11	18	27	29	29	30	31	31	57	207
Estimated Outlays	0	1	9	17	26	28	29	30	30	31	53	201
Sec. 109: Allow boarding schools funded by the BIE to serve meals through CACFP												
Estimated Budget Authority	0	*	3	4	5	5	5	5	5	5	12	37
Estimated Outlays	0	*	2	4	4	5	5	5	5	5	10	35
Sec. 109: Determine eligibility for certain CACFP institutions every 60 or 180 days												
Estimated Budget Authority	0	*	*	*	1.0	1.0	1.0	1.0	1.0	1.0	1	6
Estimated Outlays	0	*	*	*	1.0	1.0	1.0	1.0	1.0	1.0	1	6
Sec. 109: Allow CACFP institutions to serve an additional snack to children in care for 9 or more hours per day												
Estimated Budget Authority	0	0	0	4	9	24	32	48	50	52	13	219
Estimated Outlays	0	0	0	3	8	21	31	45	49	52	11	209

**TABLE 2. SUMMARY OF ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF THE IMPROVING CHILD NUTRITION INTEGRITY AND ACCESS ACT OF 2016,
AS ORDERED REPORTED BY THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY ON JANUARY 20, 2016**

	By Fiscal Year, in Millions of Dollars										2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
INCREASE OR DECREASE (-) IN DIRECT SPENDING												
Sec. 110: Increase funding for the Farm to School Program												
Budget Authority	0	5	5	5	5	5	5	5	5	5	20	45
Estimated Outlays	0	4	5	5	5	5	5	5	5	5	19	44
Sec. 116: Participation effects from implementation of equipment grants												
Estimated Budget Authority	*	4	9	15	21	27	33	38	44	50	49	241
Estimated Outlays	*	3	7	13	19	25	31	36	42	48	42	224
Sec. 203: Establish a centralized exchange network												
Estimated Budget Authority	0	1	1	1	1	1	1	1	1	1	4	9
Estimated Outlays	0	1	1	1	1	1	1	1	1	1	4	9
Sec. 205: Conduct a study on nutrition education												
Estimated Budget Authority	2	0	0	0	0	0	0	0	0	0	2	2
Estimated Outlays	1	1	0	0	0	0	0	0	0	0	2	2
Sec. 308: Review and standardize the process for administrative reviews, applications, and claim reimbursement												
Estimated Budget Authority	2	0	0	0	0	0	0	0	0	0	2	2
Estimated Outlays	1	1	0	0	0	0	0	0	0	0	2	2
Sec. 309: Conduct a review of nutrition standards												
Estimated Budget Authority	2	0	0	0	0	0	0	0	0	0	2	2
Estimated Outlays	1	1	0	0	0	0	0	0	0	0	2	2

**TABLE 2. SUMMARY OF ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF THE IMPROVING CHILD NUTRITION INTEGRITY AND ACCESS ACT OF 2016,
AS ORDERED REPORTED BY THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY ON JANUARY 20, 2016**

	By Fiscal Year, in Millions of Dollars										2016- 2020	2016- 2025	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			
	INCREASE OR DECREASE (-) IN DIRECT SPENDING												
Total Changes in Direct Spending													
Estimated Budget Authority	3	20	80	74	109	121	143	173	189	204	286	1,116	
Estimated Outlays	2	15	74	77	103	116	140	166	184	200	271	1,077	
	INCREASE IN REVENUES												
Sec. 115: Impose civil penalties	0	*	*	1	1	1	1	1	1	1	2	7	
	INCREASE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Effect on Deficit	2	15	74	76	102	115	139	165	183	199	269	1,070	

Source: Congressional Budget Office.

EBT = electronic benefit transfer; RCCI = Residential Child Care Institution; BIE = Bureau of Indian Education; HHFKA = Healthy, Hunger-Free Kids Act of 2010; SFSP = Summer Food Service Program; CACFP = Child and Adult Care Food Program.

Notes:

Components may not sum to totals because of rounding; * = between -\$500,000 and \$500,000. Excludes discretionary spending that would be subject to annual appropriation.

For revenues, positive numbers indicate a decrease in the deficit.

Estimates are relative to CBO's March 2015 baseline updated to reflect actual reimbursement rates for school year 2015-2016.

Estimates are based on the bill language posted on the Senate Committee on Agriculture, Nutrition and Forestry's website on January 20, 2016.

Assumes enactment by July 1, 2016.