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Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

CHILD NUTRITION REFORM ACT OF 1976

The President is proposing to consolidate 15 child nutrition programs into a single, comprehensive block grant to provide States with increased flexibility to feed needy children.

BACKGROUND

The Federal Government now supports 15 child nutrition programs and provides subsidies for nearly 40 different types of meals in different settings. In 1975 Federal outlays for child nutrition programs were \$2.2 billion; 1976 outlays are estimated to be \$2.8 billion. Under the existing authorization, outlays next year are projected to be \$3.3 billion.

In spite of this growth, thousands of children from needy families do not receive benefits. Although children from all families -- regardless of income -- are now eligible to receive Federal subsidies for school lunches, an estimated 700,000 children from poor families receive no benefits whatsoever. In addition, due to program changes enacted by the Congress, the Federal government will be required to spend even more money on non-needy children. For example, under current law over \$660 million will be used in fiscal year 1977 to subsidize students from families with annual incomes in excess of \$11,000.

Currently, the U.S. Department of Agriculture (USDA) provides cash and/or commodity assistance to States for meals served to children in schools, institutions, day-care centers, or other organized activities away from home. The amount of assistance is linked to the number of meals served to children in the State.

Each of these programs is targeted at a specific group, situation, or function, often overlapping and producing duplication of benefits. Since each is individually authorized each must be administered separately, resulting in repetitive and complicated regulations and administrative difficulty.

DESCRIPTION OF PROGRAM

The main objectives of the program are:

- To help feed more low-income children.
- To eliminate the existing Federal food subsidies to non-needy children.
- To consolidate the school lunch, school breakfast, special milk, and several other programs.
- To give States more flexibility and responsibility in meeting the needs of its poor children by eliminating administratively complicated programs.

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By eliminating assistance to non-needy children, this proposal is expected to save almost \$900 million in outlays below the authorization for FY 1977, or \$740 million below the projection included in the budget for these programs.

A. PROGRAMS INCLUDED

This proposal consolidates the following 15 Federally funded activities into a single block grant authority:

1. National School Lunch Program, basic assistance for all meals;
2. National School Lunch Program, special assistance for free and reduced price meals;
3. School Breakfast Program, basic assistance for all meals;
4. School Breakfast Program, special assistance for free and reduced price meals;
5. Special Milk Program, basic assistance for all milk;
6. Special Milk Program, special assistance for free milk;
7. Special Supplemental Food for Women, Infants and Children;
8. Supplemental Feeding for Women, Infants and Children;
9. Summer Food Program for Children;
10. Child Care Food Program, basic assistance for all meals;
11. Child Care Food Program, special assistance for free and reduced price meals;
12. Non-Food Assistance Program;
13. Procurement of non-surplus commodities;
14. State Administrative Expenses, general;
15. State Administrative Expenses, summer food program.

B. FUNDING

Each State's allocation will be based on the number of needy children in that State. Needy children are defined as children from families below the Federal poverty guidelines. The block grant will be based on the number of these Federally defined needy children that will be served according to the State Plan. This funding is intended to be sufficient to provide one third of the Recommended Dietary Allowance (RDA) for each needy child up to age 18 in the States and territories.

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The fiscal year 1977 allocation, \$2 billion, was determined by multiplying the number of needy children aged 0-4 by 225 days at a rate of 50¢ per day, and the number of needy children aged 5-17 by 225 days at a rate of 94¢ per day. In the future, these rates will be adjusted annually to reflect changes in the Consumer Price Index.

The grant will be furnished to the State in cash. Commodities acquired through the surplus removal and price support program may be substituted for up to forty percent of the grant by the Secretary of Agriculture.

C. SPENDING REQUIREMENTS

The intent of this proposal is to allow the State maximum freedom in the design of child feeding programs adapted to local situations. States will be required to use the Federal grant to provide nutritious meals to needy children, according to the State Plan. Also, State and local funds may be used to serve other children defined by the State Plan.

D. STATE PLAN

To qualify for the grant, a State must submit a plan which details how it intends to serve the needy children. The Plan will include the State's proposals for the use of funds and/or commodities to meet those objectives, its prescribed nutrition standards and meal pattern requirements, and its relationship to other Federally assisted programs which may seek to achieve the same objectives. The State Plan will be subject to public scrutiny and comment.

E. REPORTING AND AUDITING PROCEDURES

The State is required to establish a reporting system and auditing procedures for determining compliance with the Act. Such procedures must provide for use of a separate State agency beyond the authority of the agency being audited. Periodic review of program administration by the State and an annual certification of compliance with the Plan shall be made to the Secretary. Appropriate actions in regard to disclosures of non-compliance have been provided for in the Act.

F. ADMINISTRATIVE COSTS

To assist the States in meeting administrative costs, a State may use either \$75,000 or one percent of its total grant, whichever is greater, for such costs.

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