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DATE: 3/17/76

TO: Spencer Johnson

FROM: Jeffrey Weinberg

Child Nutrition Reform Act of 1976

Attached is Agriculture's revised draft of the legislation.

We will send you the revised section by section analysis and Speaker letter as soon as we receive them.

OMB FORM 38
REV AUG 73



A BILL

To consolidate Federal financial assistance to States for child nutrition programs to focus such assistance on children most in need and to simplify the administration of such assistance.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Child Nutrition Reform Act of 1976".

DECLARATION OF PURPOSE

SEC. 2. In recognition of the relationship between nutrition and child development, the opportunities that States and local governments have to utilize schools and other facilities to coordinate child food assistance and educational processes, efficiently and effectively, the importance of affording State and local officials maximum flexibility to tailor food assistance programs to local conditions, and the need to minimize Federally-imposed restrictions and requirements resulting in nonproductive administrative burdens on State and local governments, it is hereby declared to be the policy of the Congress that efforts to help assure that children from needy families have access to an adequate diet be continued and strengthened through a single program of grants to States in lieu of the present set of complex, fragmented and overlapping child feeding programs.

DEFINITIONS

SEC. 3. For the purpose of this Act-

(a) "Cost" means the cost of obtaining, preparing and serving food, including the cost of purchase or rental of equipment, other than land and buildings, for the storage, preparation, transportation, and serving of food.

(b) "Governor" means the chief executive of any State.

(c) "Income poverty guidelines" means the schedule of family-size income levels published by the Secretary of Agriculture which shall be based on the weighted average official statistical poverty thresholds (as defined by the Office of Management and Budget) revised annually by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made, subject to such conditions, modifications, or exceptions, as the Secretary may prescribe for the purposes of this Act.

(d) "Institution" means any public or private agency which provides child care, such as a child day-care center, comprehensive child development preschool program, orphanage, settlement house, or recreation center, and includes a special summer program for children.

(e) "Meal" means a nutritious food or a combination of nutritious foods meeting State-prescribed nutrition standards and meal pattern requirements.

(f) "Needy children" means children the age at which the individual graduates from high school, or 0 through 17 if not in high school, inclusive, from families which have an annual income below the applicable family-size income level set forth in the income poverty guidelines.

(g) "RDA" means the weighted average of recommended dietary allowances for children, as established by the Food and Nutrition Board, National Research Council of the National Academy of Sciences.

(h) "School" means any public or private school of high school grade or under and includes a preschool program operated as a part of a school system.

(i) "Secretary" means Secretary of Agriculture.

(j) "State" means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands. The term "State" shall also include any State agency or other entity appointed in accordance with applicable State law or under this Act to receive and disburse funds made available under this Act.

(k) "United States" means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

APPROPRIATION AUTHORIZATION

SEC. 4. There are hereby authorized to be appropriated for the fiscal year ending September 30, 1977, and for subsequent fiscal years, such sums as may be necessary to enable the Secretary to provide grants to States in accordance with the provisions of this Act: Provided, That, in lieu of funds appropriated from the general fund of the Treasury, the Secretary is authorized to use, in amounts provided in appropriation acts, for all purposes authorized by this Act, funds appropriated under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), which are not needed for the purpose of Section 32 or otherwise specifically transferred for other purposes.

PAYMENTS TO STATES

SEC. 5(a) The Secretary shall allocate for use within each State for each fiscal year an amount which is the sum of: (1) An amount which bears the same ratio to the funds appropriated under this Act as the number of needy children aged 0 through 4 in the State bears to the number of such needy children in the United States; and (2) An amount which bears the same ratio to the funds appropriated under this Act as the number of needy

children aged 5 through 17 in the State bears to the number of such needy children in the United States; Provided, That, for each fiscal year, the allocation of funds made by the Secretary to each State shall be an amount equal to the cost of providing 1/3 of the RDA for each needy child aged 0 through 4 plus the cost of providing 1/3 of the RDA for each needy child aged 5 through 17 in the State times 225 days, less an amount determined by multiplying the funds to which the State would otherwise be entitled per child times the number of needy children to whom the State does not propose to offer food service under the State's plan of operation. For the fiscal year ending September 30, 1977, the cost of 1/3 of the RDA for needy children aged 0 through 4 shall be deemed to be 50 cents per day and for needy children aged 5 through 17, 94 cents per day; these amounts shall be adjusted annually thereafter to reflect revisions in the food-away-from-home component of the Consumer Price Index.

(b) The Secretary shall determine from time to time the amounts to be made available to any State under this Act, and the time or times such amounts are to be made available; and such amounts shall be made available to the State at the time or times fixed by the Secretary.

(c) Notwithstanding any other provisions of law, in the event agricultural commodities become available under the provisions of other laws for distribution to schools, institutions or other persons, the Secretary may distribute such commodities among the States under the provisions of such laws, or make such commodities available to the States by other means, in lieu of the amounts to be paid to any State under this Act: Provided, That the value of foods substituted for cash shall not exceed 40 per cent of the State's allocation unless requested by the State. The Secretary shall give reasonable notice to the States prior

to the distribution of foods in lieu of funds under this Act. If any such commodities are so distributed or made available in any fiscal year to any State, the amount to be paid to such State under this Act shall be reduced by an amount equal to the value of such commodities distributed or made available to such State during the same fiscal year. To the maximum extent practicable, agricultural commodities distributed or made available in lieu of amounts payable to States under this Act shall be distributed or made available to schools, institutions and other persons by the States and the Secretary in a manner consistent with the provisions of this Act. The Secretary, from funds appropriated or transferred under this Act, is authorized to reimburse any agency of the Department of Agriculture for the value of commodities made available to States pursuant to this subsection.

USE OF FUNDS

SEC. 6(a) States shall use the funds made available to them under this Act by (1) disbursing them to schools, institutions and other persons to enable such schools, institutions and other persons to finance the cost of providing meals in accordance with this Act, or (2) providing food and service to schools, institutions and other persons to enable them to provide meals in accordance with this Act.

(b) Schools, institutions and other persons shall use funds or food and services made available to them under this Act by the States only to provide meals to children eligible for assistance under the State plan of operation, aged 0 through the age at which the child graduates from high school or aged 0 through 17, inclusive, if not in high school.

STATE ADMINISTRATIVE EXPENSES

SEC. 7. Of the total funds made available to any State for the purposes of this Act, for any fiscal year, the State may use 1 per centum or \$75,000, whichever is greater, for its administrative costs in the conduct of food service programs under this Act.

PRIVATE SCHOOLS AND INSTITUTIONS

SEC. 8. If, under the laws of any State, disbursement of funds made available to the State under this Act cannot be made to private schools, private institutions or other persons, the Secretary is authorized to make payments, from the sums appropriated for any fiscal year, to the private schools, private institutions, or other persons in such State for the same purposes and subject to the same conditions as are authorized or required under this Act with respect to disbursements by the State to schools, institutions or other persons within the State. Funds available for program purposes, including administrative expenses, shall be made available to the Secretary from the State's allocation on a proportionate basis.

PLAN OF OPERATION

SEC. 9(a) As a prerequisite to receipt of Federal funds or any commodities under this Act, each State shall prepare a plan of operation annually, which may be amended at any time during the year pursuant to the procedures in section 10.

(b) Each State's plan of operation shall set forth the State's proposals for meeting the purpose of this Act, including --

(1) the State's program and objectives for providing all needy children within the State with meals using funds or commodities provided under this Act, including the criteria utilized by the State in determining

eligibility, and the reasons therefor,

(2) an estimate of the number and percentage of needy children and other children in the State to whom meals will be made available and if all needy children are not planned to be reached the reason or reasons why the State will be unable to reach all needy children,

(3) estimates of the number of needy children in the State (a) aged 0 through 4 and (b) aged 5 through 17, to whom the State will not make meals available,

(4) State-prescribed nutrition standards and meal pattern requirements,

(5) the relationship of the State's plan of operation under this Act to other State plans for federally assisted programs within the State which include activities or services directed toward meeting the purpose of this Act.

(c) Each State's plan shall include an assurance that, insofar as practicable no physical segregation of or other discrimination against any child shall be made nor shall there be any overt identification of any child by special tokens or tickets, announced or published lists of names, or by any other means, with the funds provided under this Act.

STATE PLANNING PROCEDURES

SEC. 10(a) Prior to the commencement of operation of its plan or any amendment thereto, each State shall:

(1) establish a date for the beginning of the State's program year for the purpose of the Act;

(2) establish a means for obtaining the views of appropriate State agencies and units of local government in the development

of the proposed plan of operation for the use of funds provided to the State under this Act for that year and for coordinating with those agencies and units of local government compliance with the requirements of this section;

(3) establish a means to assure that the need for meals to all needy children in the State is taken into account in the development of the State plan;

(4) at least ninety days prior to the beginning of the State's program year, publish and make generally available to the public and local educational agencies the proposed plan of operation;

(5) provide at least forty-five days for public comment on the proposed plan;

(6) at least forty-five days after the final date for public comment, and prior to the beginning of the State's program year, publish and distribute a final plan of operation for the use of funds provided to the State under this Act which sets forth the same information required to be included in the proposed plan, together with a summary of the comments received and the disposition thereof, and an explanation of the differences between the proposed and final plan and the reasons therefor; and

(7) prepare and publish any proposed amendment to the final plan of operations and accept public comment for a period of at least thirty days and then publish a final amendment, together with a summary of the comments received and the disposition thereof, and an explanation of the differences between the proposed and final amendment and the reasons therefor:

(b) The Secretary may for good cause waive compliance with all or any portion of any requirement of subsection (a) as to the number of

days prior to or in which any action was to be taken.

REQUIREMENT FOR ADEQUATE STATE PROCEDURES TO
MONITOR COMPLIANCE OF STATE WITH STATE PLAN OF OPERATIONS;
PENALTIES FOR NONCOMPLIANCE

SEC. 11(a)(1) Each State which participates in the program established by this Act shall, consistent with the Secretary's regulations, have in operation within the State procedures for the continuing determination by an agency of the State not under the control, direction, or supervision of any agency of the State engaged in administering the Act, the State's compliance with its plan pursuant to Section 9 of this Act and for periodically reporting on that compliance to the chief executive officer of the State and the Secretary.

(2) Each State which participates in the program established by this Act shall --

(A)(i) certify annually that it has complied with each provision of that plan, or

(ii) inform the Secretary of any substantial failure to comply with any provision of that plan, and certify that it has complied with the remaining provisions, and

(B) submit to the Secretary for his approval the procedures required by paragraph (1) of this subsection, with such supporting material as the Secretary may require.

(b)(1) No payment may be made under section 5(b) to any State that has failed to provide the certifications required by subsection (a)(2) of this section.

(2) If the Secretary finds, after reasonable notice and an

opportunity for hearing to the State, that the State has substantially failed to comply with any provision of the plan required by section 9 of this Act, the Secretary shall--

(A) make no further payments to the State under section 5(b) until he is satisfied that there will no longer be any failure of the State to comply with the plan of operation, or to inform the Secretary of a substantial failure to comply, or

(B) in lieu of suspending further payments, reduce the amount otherwise payable to the State under section 5(b), until he is satisfied that there will no longer be any such failure, by not in excess of 3 per centum of the total amount allocated to the State for each provision of the plan of operations with respect to which there is such a failure.

(3) In the case of any State that has provided the certifications required by subsection (a)(2) of this section, if the Secretary, after giving reasonable notice and an opportunity for a hearing to the State--

(A) disapproves, or withdraws his approval, of the procedures submitted under subsection (a)(1) of this section, or

(B) finds that the State has substantially failed to comply with the procedures approved under subsection (a)(1) of this section, the Secretary shall notify the State that further payments will not be made to the State under section 5(b) of this Act until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

(c)(1) Any State which is dissatisfied with the Secretary's final action under paragraph (2) of subsection (b) of this section may,



within sixty days after notice of such action, file with a United States district court for the district in which the state capital is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. Thereupon the Secretary shall file in the court the record of the proceedings on which he based his action.

(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

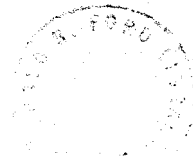
(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part.

STATE EVALUATION OF ADMINISTRATION OF STATE
PLAN OF OPERATIONS; FEDERAL AUDIT AUTHORITY

SEC. 12(a) Each State receiving funds under this act shall provide, consistent with the Secretary's regulations, for-- (1) an annual audit of expenditures in accordance with generally accepted accounting principles, conducted, as determined by the State, by an auditor of the State, or an auditor representating the legislature of the State, using certified public accountants and not under the control, direction or supervision of any agency of the State engaged in administering this Act, or a private certified public accountant or auditing firm utilizing certified public accountants;

(2) an annual evaluation of the implementation of the State's plan of operation and any amendment thereto; and (3) an annual report, which shall be published, of that audit and evaluation, that shall describe the activities of the State under that plan, which report shall include such additional information as the Secretary may from time to time prescribe.

(b) Each State shall also provide that the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the State or any school, institution, or other person which, in the opinion of the Secretary or the Comptroller General, may be related or pertinent to the use of any amounts obligated or expended under this Act. In the exercise of their authority under this paragraph the Secretary and the Comptroller General may audit only the State's activities as described in the plan of operation, and shall not, under any authority in this Act, prescribe to the States any requirement for expenditure of funds other than funds to be expended under the plan.



REPORTS AND EVALUATIONS

SEC. 14(a) Within such period of time as the Secretary prescribes after the end of each fiscal year, each State shall submit to the Secretary a report showing how the funds made available to the State under this Act for such fiscal year were used in accomplishing the objectives set out in the State's plan of operation.

(b) The Secretary, in cooperation with the States, shall from time to time make an evaluation of the effectiveness of child food assistance grants provided under this Act. The first such evaluation shall reflect the results of the first two completed fiscal years of operation of the grant program under this Act. The Secretary shall transmit an evaluation report to the Congress not later than the end of the third full fiscal year of the program.

TECHNICAL ASSISTANCE

SEC. 15. For a period not exceeding one year from the effective date of this Act, the Secretary may provide technical assistance to States in the operation of their child feeding programs comparable to that provided under the National School Lunch Act (60 Stat. 230), as amended, and the Child Nutrition Act of 1966 (80 Stat. 885), as amended.

FEDERAL ADMINISTRATIVE EXPENSE

SEC. 16. There is hereby authorized to be appropriated for any fiscal year such sums as may be necessary to the Secretary for his administrative expense under this Act.

REGULATIONS

SEC. 17. The Secretary shall prescribe such regulations as he may deem necessary to carry out this Act.

PROHIBITION

SEC. 18. In carrying out the provisions of this Act, neither the Secretary nor any State shall impose any requirements with respect to teaching personnel, curriculum, instruction, methods of instruction, and materials of instruction in any school or institution.

SEVERABILITY CLAUSE

SEC. 19. If a part of this Act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this Act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NATIONAL ADVISORY COMMITTEE

SEC. 20 (a) The Secretary is authorized to establish a committee in accordance with the Federal Advisory Committee Act consisting of 15 members to be known as the National Advisory Committee on Child Food Assistance (hereinafter in this section referred to as the "Committee") which shall study the administration of programs carried out under this Act and advise the Secretary with respect thereto. The Committee shall submit to the Secretary written reports of the results of its studies, together with such recommendations for administrative and legislative changes as it deems appropriate.

(b) The Secretary may provide the committee with such technical and other assistance, including secretarial and clerical assistance, as may be required to carry out its functions under this Act.

LAWS REPEALED

SEC. 21 The following statutes are repealed--

- (a) The National School Lunch Act (60 Stat. 230), as amended.
- (b) The Child Nutrition Act of 1966 (80 Stat. 885), as amended.

EFFECTIVE DATE

SEC. 22. This Act shall become effective for fiscal years beginning after September 30, 1976.

MARCH 23, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I am presenting today to the Congress the Child Nutrition Reform Act of 1976. This proposal is designed to facilitate the States' efforts to feed needy children by consolidating 15 food programs -- including forty different meal subsidies -- into a single block grant.

Good nutrition is a key factor in the physical, mental and social development of the Nation's children. It is essential that children not be denied a healthful diet because of limited family resources. For this reason the Federal government has developed subsidy programs to provide lunches for needy children.

Children from all families, regardless of income, may receive Federal subsidies for meals served by eligible institutions. The Federal government now provides approximately 20% of the total cost of school lunches served to all children, regardless of their nutritional need or income.

However, due to program changes enacted by the Congress, the Federal government will be required to spend even more money on non-needy children. At the same time, there are at least 700,000 children from poor families receiving no benefits whatsoever.

I believe that the Federal government has a responsibility to provide nutrition assistance to those most in need. At the same time, I believe that the existing Federal taxpayer subsidies for the meals of children from families able to feed themselves extends that Federal responsibility beyond the appropriate point.

In addition, under existing law, the 15 programs enacted into detailed legislation with the same objective -- feeding needy and non-needy children -- have resulted in a patchwork of complicated Federal controls and regulations.

Therefore, today I request that the Congress enact the "Child Nutrition Reform Act of 1976."

This legislation would:

- Provide financial assistance to States based on the cost of feeding all needy children.

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- Consolidate 15 complex categorical and overlapping programs into a single block grant to States, increasing their flexibility in administering these programs, and at the same time save the taxpayers nearly \$900 million in FY 1977 by reducing assistance to non-needy children.
- Remove unnecessary restrictions and red tape governing the way meals are provided to needy children.
- Give concerned organizations and individuals in each State an opportunity to be involved in the planning of child feeding programs.

GERALD R. FORD

THE WHITE HOUSE,
MARCH 23, 1976

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DRAFT MESSAGE

CHILD NUTRITION REFORM ACT OF 1976

I am presenting today to the Congress the Child Nutrition Reform Act of 1976. This proposal is designed to facilitate the States' efforts to feed needy children by consolidating 15 food programs -- including forty different meal subsidies -- into a single block grant.

Good nutrition is a key factor in the physical, mental and social development of this nation's children. It is essential that children not be denied a healthful diet because of limited family resources. This is why the Federal government has developed subsidy programs to provide lunches for needy children.

Children from all families, regardless of income, may receive Federal subsidies for meals served by eligible institutions. The Federal Government now provides approximately 20% of the total cost of school lunches served to all children, regardless of their nutritional need or income. However, due to program changes enacted by the Congress, the Federal government will be required to spend even more money on non-needy children. At the same time, there are at least 700,000 children from poor families receiving no benefits whatsoever.



I believe federal funds should be concentrated on those most in need. My proposal is designed to correct such inequities.

In addition, a patchwork of laws has led to complicated Federal controls and regulations governing State and local programs. This was originally intended to be left to the States.

The child nutrition block grant would replace the school lunch and school breakfast programs, the special milk program and several other categorical programs. My objectives in proposing this legislation are to help feed more low-income children and to eliminate the existing Federal food subsidies to children in families above the poverty line. The proposed plan will not only give the States more flexibility and responsibility in meeting the needs of poor children, but it will also save the taxpayers nearly \$900 million in FY 1977.

I urge the Congress to act swiftly to enact my proposal to permit the states to concentrate their funds on needy children.



FACT SHEET

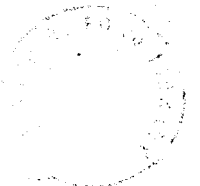
CHILD NUTRITION REFORM ACT OF 1976

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 programs, outlays next year are projected to be \$3.3 billion, a reflection of the fact that the size and number of child nutrition and school lunch programs continue to grow.

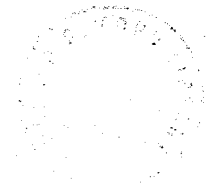
In spite of this growth, thousands of children of needy families do not receive benefits. Although children from all families -- regardless of income -- are now eligible to receive Federal subsidies for school lunches, an estimated 700,000 children from poor families receive no benefits whatsoever. In 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.

By eliminating assistance to non-needy children, this proposal is expected to save almost \$900 million.

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 proportion of needy children in that State to the Nation's total number of needy children, as defined by Federal poverty guidelines. The block grant will be based on the percentage 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.

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, the 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.

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 plans to subsidize the feeding of children from other revenue sources. 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 agency shall be made to the Governor for certification 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.

SCJ/rm
3/15/76

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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