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Child Nutrition and WIC Programs: Background and Recent Funding

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Child Nutrition and WIC Programs: Background and Recent Funding

Summary

Federally supported child nutrition programs/initiatives and the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program) reach more than 39 million children and 2 million lower-income pregnant/postpartum women. In FY2006, spending on them is anticipated to be \$18.4 billion, supported by *new appropriations* of a lesser amount (\$17.9 billion). The Administration's FY2007 budget request envisions spending a total of \$19.1 billion, with *new appropriations* of \$18.8 billion. For FY2007, the House and Senate appropriations bills (H.R. 5384) call for *spending* \$19.2 billion, supported by *new appropriations* of \$18.6 billion in the House and \$18.9 billion in the Senate.

Child Nutrition Programs. The *School Lunch and School Breakfast programs* provide cash subsidies for all meals they serve to schools choosing to participate; larger subsidies are granted for free and reduced-price meals offered to lower-income children. The *Child and Adult Care Food program* subsidizes meals/snacks served by child care centers and day care homes; federal subsidy rules differ significantly between those provided to centers and those for day care homes. Schools and organizations operating programs for children also can receive subsidies for snacks (and, in some cases, meals) served in *after-school and other outside-of-school settings*. The *Summer Food Service program* subsidizes food service operations by public/private nonprofit sponsors volunteering to operate projects during the summer; all meals/snacks they serve are free. The *Special Milk program* operates in schools and other venues without a lunch program and subsidizes all milk served. All these subsidies are inflation-indexed and are paid only where the meals/snacks meet federal nutrition and other standards. In addition to cash aid, many providers receive *food commodities* from the Agriculture Department, at a set value per meal (and may receive "bonus" commodities from Department surplus stocks). Grants also are made to help cover *state administrative expenses*. Other significant federal programs/activities include a free fresh fruit and vegetable program in selected schools, money for a Food Service Management Institute, a small nutrition education initiative, activities to improve program integrity, meal quality, food service and safety, and support for local school "wellness policies." Separately, the **WIC program** provides nutrition services (e.g., nutrition education, breastfeeding support) and tailored food packages to lower-income pregnant and postpartum women, infants, and children who are judged to be at nutritional risk. And a *WIC farmers' market program* offers vouchers to WIC recipients for the purchase of fresh fruit and vegetables at farmers' markets.

These are administered by the Agriculture Department's Food and Nutrition Service and state education, health, social service, and agriculture agencies. They actually are operated, under state oversight, by over 300,000 local providers (such as schools, child care centers, health clinics). Federal payments do not necessarily cover all program costs, and nonfederal support is significant (e.g., children's families' school meal payments, state/local contributions).

This report will be updated as warranted.

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Child Nutrition and WIC Programs: Background and Recent Funding

General Background

Child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program) provide cash, commodity, and other assistance (including nutrition services and food packages in the WIC program) under three major federal laws: the National School Lunch Act (originally enacted in 1946 and renamed the Richard B. Russell National School Lunch in 1999), the Child Nutrition Act (originally enacted in 1966), and Section 32 of the act of August 24, 1935 (7 U.S.C. 612c).¹ The Agriculture Department's Food and Nutrition Service (FNS) administers the programs at the federal level; most funding is included in the annual Agriculture Department appropriations laws; and congressional jurisdiction is exercised by the Senate Agriculture, Nutrition, and Forestry Committee, the House Education and the Workforce Committee, and, to a limited extent (relating to commodity assistance and Section 32), the House Agriculture Committee.

The most recent major amendments to the laws affecting child nutrition and WIC programs were made in the 2004 Child Nutrition and WIC Reauthorization Act (P.L. 108-265; enacted June 30, 2004) and a number of laws enacted in the 106th and 107th Congresses — most notably as part of larger measures not specifically targeted at child nutrition or WIC programs (e.g., P.L. 106-224 and P.L. 107-171). The next general reauthorization of child nutrition and WIC authorities is scheduled for 2009.

Note: For information about legislation, see (1) CRS Report 96-987, *Child Nutrition Legislation in the 104th Congress*, available on request, (2) CRS Report 97-108, *Child Nutrition Issues in the 105th Congress*, (3) CRS Report RL31578, *Child Nutrition and WIC Legislation in the 106th and 107th Congresses*, and (4) CRS Report RL33299, *Child Nutrition and WIC Legislation in the 108th and 109th Congresses*, all by Joe Richardson. For current legislative proposals in the FY2007 appropriations measures, see CRS Report RL33412, *Agriculture and Related Agencies: FY2007 Appropriations*, coordinated by Jim Monke.

¹ The School Lunch and Child Nutrition Acts provide most of the basic authorities for child nutrition and WIC programs. For information on what each law covers, see CRS Report RL33299, *Child Nutrition and WIC Legislation in the 108th and 109th Congresses*, by Joe Richardson. Section 32 authority provides funding for cash child nutrition subsidies (permanent appropriations under Section 32 are transferred to the child nutrition account annually) and the acquisition of food commodities for distribution to child nutrition programs (Section 32 money is used to buy surplus and distribute commodities). For more information, see CRS Report RS20235, *Farm and Food Support under USDA's Section 32 Program*, by Geoffrey Becker.

Child nutrition and WIC programs are operated by a variety of local public and private nonprofit providers, and the degree of direct state involvement varies by program and state — e.g., in the WIC program, state health agencies exercise substantial control; in the school meal programs, local educational agencies (LEAs), and local “school food authorities” most often have the major role; in a very few instances, the federal government (FNS) takes the place of state agencies (for example, where a state has chosen not to operate a specific program or where there is a state prohibition on aiding private schools). At the state level, education, health, social services, and agriculture departments all have roles; at a minimum, they are responsible for approving and overseeing local providers such as schools, summer program sponsors, and child care centers, as well as making sure they receive the federal support they are due. At the local level, program benefits are provided to more than 39 million children and infants, and some 2 million lower-income pregnant and postpartum women, through just over 100,000 public and private schools and residential child care institutions, about 200,000 child care centers and family day care homes, approximately 30,000 summer program sites, and, in the case of the WIC program, some 10,000 local health care clinics/sites operated by nearly 2,000 health agencies.

All programs are available in the 50 states and the District of Columbia. Virtually all operate in Puerto Rico, Guam, and the Virgin Islands, and there are no restrictions on eligibility related to citizenship or legal residence status. American Samoa gets assistance for school lunch and WIC operations, and the Northern Marianas receive school lunch support. In addition, WIC-like benefits are available for overseas military personnel, and Defense Department overseas dependents’ schools participate in the School Lunch and Breakfast programs.

In the meal service programs like the School Lunch and School Breakfast programs, summer programs, and assistance for child care centers and day care homes, federal aid is in the form of legislatively set subsidies paid for each meal/snack served that meets federal nutrition guidelines. Most subsidies are cash payments to schools and other providers, but about 10% of the total value of assistance is in the form of federally donated food commodities. While all meals/snacks served are subsidized, those served free or at a reduced price to lower-income children are supported at higher rates. All federal meal/snack subsidy rates are indexed annually for inflation,² as are the income standards of eligibility for free and reduced-price meals/snacks.³ However, federal subsidies do not necessarily cover the full cost of the meals and snacks offered by participating providers, and states and localities contribute significantly to cover program costs — as do

² Most often, using the “food away from home” component of the Consumer Price Index (CPI) for All Urban Consumers.

³ Cash subsidy rates and income eligibility standards typically differ (are higher) for Alaska and Hawaii. However, (1) while free milk eligibility standards vary for Alaska and Hawaii in the Special Milk program, federal subsidies do not; and (2) since commodity support is provided without regard to the free/reduced-price character of meals served, commodity assistance rates do not differ for Alaska and Hawaii. Cash subsidy rates and eligibility standards for the District of Columbia, Guam, Puerto Rico, and the Virgin Islands are those for the contiguous 48 states.

children’s families (by paying charges for nonfree or reduced-price meals and snacks). *Required* nonfederal cost-sharing (matching) is relatively minimal — states must expend at least an amount totaling just over \$200 million a year nationally in order to receive federal school lunch funds. Federal per-meal/snack child nutrition subsidies may cover local providers’ administrative costs, but *separate* federal payments for administrative expenses are limited to administrative expense grants to state oversight agencies, a small set-aside of funds for state audits of child care sponsors, and special administrative payments to sponsors of summer programs and family day care homes. Under the WIC program, federal appropriations pay the cost of specifically tailored food packages and include specific amounts for related nutrition services and administration.

The basic goals of the federal child nutrition programs are to improve children’s nutrition, increase lower-income children’s access to nutritious meals and snacks, and help support the agricultural economy. Child nutrition programs are treated as *entitlements*: federal funding and commodity support is “guaranteed” to schools and other providers based on the number of meals/snacks/half-pints of milk served, who is served (e.g., free meals/snacks to poor children get higher subsidies), and legislatively set and inflation-indexed per-meal/snack subsidy rates. On the other hand, the WIC program is a *discretionary grant* program. WIC agencies serve as many applicants as possible with the money available from federal grants (and, in some cases, voluntary state subsidies), but not necessarily all eligible applicants.

Extensive information about child nutrition programs and the WIC program may be found at the Agriculture Department’s Food and Nutrition Service website: [<http://www.fns.usda.gov>]. This website provides information on all of the following programs — for applicants/recipients, governments, researchers, program operators, and those interested in child nutrition legislation, regulations, and guidelines — as well as recent news releases, announcements, and regulatory action.

Programs and Participation

School Lunch Program

Public and private nonprofit schools and residential child care institutions (RCCIs) — including Defense Department overseas dependents’ schools — choosing to participate in the School Lunch program receive per-meal federal cash subsidies and federally donated commodities for *all* lunches they serve to schoolchildren. While similar aid (primarily, federally donated commodities) for school meals was provided as early as the mid-1930s, the basic School Lunch program as it operates today dates to the enactment of the 1946 National School Lunch Act and major changes to the law in the early 1960s and early 1970s.

Subsidized meals must meet federal nutrition standards based on Recommended Dietary Allowances (RDAs) and the Dietary Guidelines for Americans and certain food safety requirements. Participating schools/RCCIs also must guarantee to offer free/reduced-price meals to lower-income children, adhere to federally set

administrative standards (under state oversight), and follow “Buy American” rules.⁴ However, there is only minimal federal regulation of foods offered separately from subsidized school meals — “competitive foods” such as a la carte items and food sold from vending machines.

Cash subsidies are set by federal school lunch law (and indexed annually, each July, for inflation), and the amount of federal aid is not dependent on providers’ costs. These cash subsidies (also called “reimbursement rates”) differ depending on whether the lunch is served free, at a reduced price (no more than 40 cents), or at “full price” (“paid” meals for which a participating school or RCCI may charge as it sees fit).

Free lunch cash subsidies are paid for meals served to those who apply, and are judged eligible claiming annual family cash income below 130% of the inflation-indexed federal poverty guidelines — e.g., \$21,580 for a family of three or \$26,000 for a four-person family in the 2006-2007 school year. Free lunch eligibility also is extended automatically to children who are “directly certified” eligible as public assistance (e.g., food stamp) recipients, migrant and homeless children, and those served under federal runaway and homeless youth grant programs. For the 2006-2007 school year, these basic free-lunch subsidies are \$2.40 a lunch.

Reduced-price lunch subsidies are paid for meals served to those who apply with family income between 130% and 185% of the inflation-indexed poverty guidelines — e.g., between \$21,580 and \$30,710 for a family of three or between \$26,000 and \$37,000 for a four-person family in the 2006-2007 school year. For the 2006-2007 school year, these basic reduced-price subsidies are \$2.00 a lunch.

Subsidies for *full-price (“paid”) lunches* are paid for meals served to children with family income above 185% of the poverty guidelines — e.g., above \$30,710 for a family of three or \$37,000 for a four-person family in the 2006-2007 school year — or whose families do not apply for free or reduced-price lunches. For the 2006-2007 school year, these subsidies are 23 cents a lunch.

All of the above rates are increased by a flat 2 cents a lunch for schools/RCCIs with very high (60%+) free and reduced-price participation (about half of all lunches are subsidized with this added 2 cents).⁵

⁴ “Buy American” rules require that participating schools purchase U.S.-produced agricultural commodities and food products processed in the U.S. using U.S.-produced commodities — *to the maximum extent practicable*. These rules apply to schools located in the continental U.S. In addition, a special rule directs schools in Hawaii and Puerto Rico to buy commodities or food products produced there, if they are produced in sufficient quantities to meet schools’ needs.

⁵ Participating schools may offer *all* meals free and not make annual free/reduced-price eligibility determinations for individual students, or separately count free, reduced-price, and full-price meals — if they pay any extra cost (i.e., claim from the federal government only the estimated amount they would have received if they had operated a regular free, reduced-price, and full-price meal program). This choice generally is used by schools with very high proportions of needy children. It reduces the burden of making individual eligibility determinations and simplifies daily meal counts and procedures for claiming (continued...)

On top of cash subsidies, schools/RCCIs are entitled to federal *commodity assistance* (also discussed later in this report) for *any* lunch served. Under this rule, schools/RCCIs are entitled to receive “entitlement” commodities (valued at a minimum of 16.75 cents a lunch in the 2006-2007 school year); this amount is inflation indexed annually (each July). Two special provisions are made with regard to *fresh fruit and vegetables*: (1) \$50 million taken from the amount schools are entitled to in commodities is set aside and used to make available fresh fruit and vegetables through Department of Defense distribution systems (the “DOD Fresh” program), and (2) about 400 schools in 14 states and 3 Indian reservations receive assistance to operate a program under which all students are offered free fresh fruit and vegetables.⁶

In addition to the regular School Lunch program, schools/RCCIs may expand their program to cover snacks served to children through age 18 in *after-school programs* (or other programs operating outside regular school schedules during the school year) serving an “educational enrichment purpose.”⁷ Federal subsidies are paid to schools operating these programs at the free snack rate offered to child care centers, if the snacks are served free to children in lower-income areas. In other cases, subsidies vary by the child’s family income. (See the later discussion of the Child and Adult Care Food program for the various federal subsidy rates for snacks, as well as *separate authority* for child care organizations, including schools, to get subsidies for snacks and, in some cases, meals served free in after-school programs.)

Finally, the 2004 child nutrition reauthorization law (P.L. 108-265) requires local educational agencies participating in school meal programs to establish local “*school wellness*” *policies*, as they determine appropriate. These policies are to include goals/policies for nutrition education, physical activity, nutrition guidelines for all

⁵ (...continued)

federal subsidies, thereby saving schools administrative costs. Three options to accomplish this are offered to schools. The two most widely used are named “provision 2” and “provision 3.” Under *provision 2*, schools make free/reduced-price eligibility determinations in the first year of a four-year cycle; in the following three years, they count the total number of meals served, and the percentages of free, reduced-price, and full-price meals served in the first year are applied to the total meal count to calculate their federal subsidies. Under *provision 3*, schools can, for four years, receive federal subsidies equal to those received in the last year in which they made free/reduced-price eligibility determinations, adjusted for enrollment changes and inflation. For both provisions, schools may be approved for four-year extensions if the composition of their school population remains stable.

⁶ This free fresh fruit and vegetable program is funded separately from the School Lunch program. It began as a pilot project established by the 2002 “farm bill” (P.L. 107-171), and was expanded, given mandatory annual funding, and made permanent by the 2004 child nutrition reauthorization law (P.L. 108-265); \$9 million a year was provided to operate the program in selected schools in eight states and three Indian reservations. Later law (P.L. 109-97) expanded the number of covered states (to 14) and added funding (\$6 million for FY2006).

⁷ Additional useful information on after-school programs is available through the website of the Food Research and Action Center (FRAC) — [<http://www.frac.org>].

foods available on campus during the school day, and a plan for measuring implementation of the policy.

In FY2005, well more than 90% of schools and RCCIs got School Lunch program subsidies — some 95,000 schools enrolling 49.3 million children and 6,000 RCCIs with almost 300,000 children. Average daily participation in the regular lunch program during the school year was about 29.6 million children (60% of enrollment in participating schools/RCCIs). Children receiving free lunches averaged 14.5 million a day (49% of participants, or 29% of enrollment); those paying for reduced-price lunches averaged 2.9 million a day (10% of participants, or 6% of enrollment); and those buying full-price lunches averaged 12.2 million a day (41% of participants, or 25% of enrollment).⁸ Average daily participation in the after-school snack component of the School Lunch program reached some 1 million children in FY2005.

School Breakfast Program⁹

As with the School Lunch program, all breakfasts meeting federal nutrition standards (and other rules applicable to the School Lunch program) are subsidized in participating public and private nonprofit schools and RCCIs, including Defense Department overseas dependents' schools. Inflation-indexed subsidy rates set by federal law vary depending on whether the breakfast is served free, at a reduced price (no more than 30 cents), or at full price. The School Breakfast program dates back to a two-year pilot project first established by the 1966 Child Nutrition Act and made permanent in 1975.

Income eligibility standards for free and reduced-price breakfasts are the same as in the School Lunch program (see the earlier discussion), and, for the 2006-2007 school year, basic cash subsidies are \$1.31 per *free breakfast*, \$1.01 per *reduced-price breakfast*, and 24 cents per *full-price breakfast*.¹⁰ Special “severe need” rates (an extra 25 cents for each free or reduced-price breakfast, indexed annually) are paid to schools and RCCIs with relatively high (40%+) free and reduced-price participation, and the majority of breakfasts are subsidized at this higher rate. With the exception of different subsidy rates and the lack of a specific entitlement to commodity support, the School Breakfast program operates very much like the School Lunch program, although in fewer schools and with a lower rate of participation among enrolled children. As with the School Lunch program, participation in the School Breakfast program by schools and RCCIs is voluntary — although a number of states have enacted laws requiring some schools with lunch programs to join the breakfast program.

⁸ There is a noticeable gap between the proportion of children whose families apply and who are certified eligible for free or reduced-price lunches and the proportion of children who actually participate. Based on estimates from the 1999-2000 school year, at least 10% more students are certified eligible than participate.

⁹ Additional useful information about the School Breakfast program may be found at the website of the Food Research and Action Center (FRAC) — [<http://www.frac.org>] — specifically, a FRAC publication entitled *School Breakfast Scorecard 2005*.

¹⁰ As with the School Lunch program, schools may opt to offer all meals free and not make free/reduced-price eligibility determinations.

In FY2005, 80% of School Lunch program schools and virtually all RCCIs in the lunch program also operated a breakfast program — i.e., some 76,000 schools enrolling 40.8 million children and about 6,000 RCCIs enrolling almost 300,000 children. Average daily participation in the breakfast program during the school year was 9.4 million schoolchildren (about 23% of enrollment). Children receiving free breakfasts formed the bulk of participants, averaging 6.8 million a day (72% of participants, or 17% of enrollment); those getting reduced-price breakfasts averaged 900,000 a day (10% of participants, or 2% of enrollment); and those buying full-price breakfasts averaged 1.7 million a day (18% of participants, or 4% of enrollment).

Child and Adult Care Food Program (CACFP)¹¹

The CACFP dates to 1968, when federal assistance for programs serving children outside of school (“special food service” programs) was first authorized. In 1975, the summer food service and child care components were first formally separated as individual programs.

Public, private nonprofit, and (under certain conditions) for-profit nonresidential *child care centers* — typically serving 30-50 children or more — choosing to participate in the CACFP receive cash subsidies for each meal or snack they serve (up to two meals and one snack, or two snacks and one meal per child a day, or three meals a day in emergency homeless shelters). Eligible centers also include after-school projects and Head Start centers, as well as recreational centers, centers caring for children with disabilities, and residential emergency homeless shelters. In order to qualify for subsidies, meals/snacks must meet federal nutrition standards and be served to children age 12 or under (or migrant children age 15 or under, or children with disabilities); in the case of emergency/homeless shelters, the age limit is 18. In addition, participating centers receive commodity assistance (see the later discussion of commodity distribution) or cash-in-lieu of commodities; this represents about 4% of the value of aid they get.

Inflation-indexed federal cash subsidies to centers vary by the type of meal served (breakfast, lunch/supper, snack). Similar to the school meal programs, these subsidies vary by whether they are served to (1) children with family income below 130% of the federal poverty income guidelines (for those who would be eligible for a free school meal, see the School Lunch program discussion), (2) children with family income between 130% and 185% of the poverty guidelines (those who would be eligible for a reduced-price school meal, see the School Lunch program discussion), or (3) children with family income above 185% of the poverty guidelines (those who would not be eligible for either a free or reduced-price school meal).¹²

¹¹ Under this program, a few *adult day care centers* — some 1,600 sponsors with about 2,600 sites serving 100,000 persons in FY2005 — also receive subsidies for meals and snacks served to elderly and chronically impaired disabled adults under the same basic terms as child care centers.

¹² At state option, subsidies for centers also may be calculated according to the family income demographics of the center — granting a standard subsidy for each meal/snack that is “weighted” (or “blended”) to reflect the family income makeup of the center’s children,
(continued...)

Subsidies for lunches (or suppers) and breakfasts are the same as those noted above for the School Lunch and Breakfast programs. For July 2006-June 2007, the subsidies for snacks are 65 cents for “free” snacks, 32 cents for “reduced-price” snacks, and 6 cents for all other snacks. However, unlike the school meal programs, while federal cash subsidies differ according to the family income of individual children in a center, there is no requirement that free or reduced-price meals be served. Centers may adjust their fees to account for the federal subsidies or charge (or not charge) separately for meals to account for the subsidies; but the CACFP itself does not regulate the fees they charge.

The CACFP generally operates through *child care centers* that are public or private nonprofit entities. However, *for-profit* child care centers can participate in the CACFP if they meet certain conditions. They are qualified if they receive at least some payments derived from Title XX of the Social Security Act (the federal Social Services Block Grant) for at least 25% of enrolled children.¹³ In addition, under a pilot project that began operating in Iowa and Kentucky, a more liberal test can be applied to for-profit centers: they may participate if at least 25% of enrolled children meet the family income requirements for free/reduced-price school meals; this pilot was expanded to Delaware in FY2002. Finally, under provisions of law enacted in December 2000 (P.L. 106-554), the more liberal Iowa/Kentucky/Delaware rule was made applicable *nationwide*. The nationwide authority granted in the December 2000 law originally covered FY2001 only. But a series of laws — P.L. 107-76, P.L. 108-134, and P.L. 108-211 — extended it through June 30, 2004, and P.L. 108-265 made it *permanent and nationally applicable*.¹⁴ As a result, there now are three potential methods by which for-profit centers can qualify: the original Title XX rule, the “pooling” variation of that rule (see footnote 13), and, most important, the (now permanent and nationwide) Iowa/Kentucky/Delaware rule.

In addition to the regular CACFP, the law allows organizations that would normally be eligible to participate in the regular CACFP as child care centers (including schools), and running *after-school programs* (or other similar programs operated outside regular school schedules) serving an “educational enrichment purpose,” to get federal CACFP subsidies for snacks served free in their programs to children (*through age 18*) in lower-income areas — at the free snack rate noted above.¹⁵ Moreover, in seven states — Delaware, Illinois, Michigan, Missouri, Pennsylvania, New York, and Oregon — the law allows federal subsidies to be

¹² (...continued)

or weighting total payments to a center by its family income makeup.

¹³ Under FNS policies, any funding for-profit centers receive that includes *some* Title XX contribution meets this requirement — including funding sources that “pool” Title XX money with other funds (e.g., Child Care and Development Block Grant (CCDBG) funding).

¹⁴ Also, see (1) CRS Report RL31578, *Child Nutrition and WIC Legislation in the 106th and 107th Congresses* and (2) CRS Report RL33299, *Child Nutrition and WIC Legislation in the 108th and 109th Congresses*, both by Joe Richardson.

¹⁵ More useful information may be found at the website of the Food Research and Action Center (FRAC) — [<http://www.frac.org>].

offered for free *meals*, typically suppers, served in after-school programs (at the free lunch rate, \$2.40 a supper).

Separately, the CACFP provides cash subsidies to family and group *day care homes*, typically serving four to six children. This component operates very differently than the component for centers, although, like centers, subsidies for day care homes are limited to two meals and one snack (or one meal and two snacks) per day per child.

Day care homes receive cash subsidies that generally do *not* differ by individual children's family income — unlike the subsidy structure in programs for schools and child care centers, which differs according to the family income of the child to whom the meal/snack is served.¹⁶ Instead, there are two distinct sets of subsidy rates that generally depend on the location of the home or the provider's income. "Tier I" homes — those located in lower-income areas or operated by lower-income providers — receive higher cash subsidies; for July 2006-June 2007, all lunches/suppers are subsidized at \$1.97 each, all breakfasts are subsidized at \$1.06, and all snacks are subsidized at 58 cents. The majority of participating homes are in Tier I. On the other hand, "Tier II" homes — those not located in lower-income areas or without a lower-income provider — receive much lower subsidies; for July 2006-June 2007, all lunches/suppers are subsidized at \$1.19 each, all breakfasts at 39 cents, and all snacks at 16 cents. Tier II homes may seek the higher Tier I rates for individual lower-income children, and, similar to the program in centers, day care home sponsors may opt to have subsidies calculated according to the family income demographics of the children in the homes they sponsor — if family income documentation is obtained.¹⁷

Day care homes participate under the aegis of public or private nonprofit "sponsoring organizations" that handle administrative tasks (e.g., overseeing compliance with program requirements, making federal subsidy claims). These sponsors receive separate inflation-indexed monthly payments for their administrative/oversight costs, varying according to the number of homes the sponsor oversees; for July 2006-June 2007, these per-home payments ranged from \$50 to \$95 a month. Centers may participate either directly as independent centers or through a sponsoring organization; but center sponsors do not receive additional federal administrative funds (although sponsors can assess centers for administration to a limited degree). Participating day care homes and centers generally must meet state or local licensing or other state-set approval requirements (or certain alternate federal standards if there are no state or local rules applying to them).

¹⁶ However, like the child care component of the program, the day care home component of the CACFP does not regulate fees charged parents. Provision of free or reduced-price meals/snacks is not required, although day care homes may adjust their fees to take federal subsidies into account.

¹⁷ In all cases, children of a day care home *operator* must have family income below 185% of the federal poverty income guidelines (the income cutoff for reduced-price school meals) in order to have their meal/snack subsidized.

Finally, the CACFP funds state costs connected with auditing sponsors and providers. States are provided an annual amount equal to 1% of their CACFP subsidies, and unused money can be reallocated among states that need it.

In FY2005, some 47,000 centers/sites (with some 19,000 sponsors) with an average daily attendance of 2.1 million children participated — 31% (660,000) of the children were in for-profit centers/sites; 5% (115,000) participated in outside-of-school-hour centers/sites; and 26% (540,000) were served in Head Start centers/sites. In addition, 153,000 day care home sites (with about 1,000 sponsors) received subsidies for an average daily attendance of 900,000 children.

Summer Food Service Program¹⁸

Local public and private nonprofit “service institutions” running youth/recreation programs, summer feeding projects, or camps can receive cash subsidies and some federally donated food commodities for free food service to children aged 18 and younger (and older disabled children) during the summer. Participating service institutions (also called sponsors) often, but not of necessity, are entities that provide ongoing year-round service to the community, and include schools, local government agencies, camps, colleges and universities in the National Youth Sports program, and (with some restrictions governing the number of sites and children served) private nonprofit organizations (e.g., churches).

Summer programs date to 1968, when federal assistance for “special food service” programs serving children outside of school was first authorized. In 1975, the summer and child care food service components of the old special food service program were first formally separated as individual programs.

Sponsors of three types of summer program sites can be approved: (1) “open” sites operating in lower-income areas where 50% or more of the children have family income below 185% of the federal poverty guidelines (i.e., more than half of the children are eligible for free or reduced-price school meals), (2) “enrolled” sites where at least half of the children enrolled in a sponsor’s program (e.g., a summer education or recreation activity) are eligible for free or reduced-price school meals, and (3) summer camps. Summer meals/snacks are provided free to all children at open or enrolled sites and to lower-income children in camps.

Summer sponsors get operating cost subsidies for all meals/snacks served free — one meal and one snack, or two meals (three meals for children in programs for migrant children) per child per day. These subsidies cover documented food and food service costs up to annually indexed (each January) per-meal/snack maximums.¹⁹

¹⁸ Additional useful information about the Summer Food Service program may be found at the website of the Food Research and Action Center (FRAC) — [<http://www.frac.org>] — notably, a FRAC publication entitled: *Hunger Doesn’t Take a Vacation: A Status Report on the Summer Food Service Program for Children (2005, Fifteenth Edition)*.

¹⁹ Documentation requirements are *not* applied to public and private nonprofit sponsors in 26 states and Puerto Rico under simplified summer program (so-called “Lugar”) rules.
(continued...)

For the summer of 2006, the maximum operating cost subsidy rates are \$2.56 for each lunch/supper, \$1.47 for breakfasts, and 59 cents for snacks. Subsidies do not vary by individual children's family income, and most sponsors receive the maximum allowable rates. Summer program sponsors also receive significant payments for administrative costs (up to about 27 cents a meal) according to the number and type of meals/snacks served and the type of program (e.g., urban vs. rural sites, self-preparation vs. contracted vendor preparation), and state agencies receive special administrative cost payments for oversight (see later discussion of state administrative expenses) and health inspections (see below). Schools wishing to sponsor summer programs may effectively bypass most separate Summer Food Service program rules and, under a "seamless summer option," operate a summer program using School Lunch and School Breakfast program rules and subsidy rates.

In addition to subsidies to sponsors, states receive direct subsidies for health and meal quality inspection costs related to summer programs — an amount equal to 1% of a state's summer program subsidies.

In July 2005, nearly 3,800 sponsors operating some 30,000 sites provided subsidized meals and snacks to an average daily attendance of just under 2 million children. In addition, at least 1.6 million children received summer meals subsidized through the *School Lunch program* (1.4 million of these children received free or reduced-price meals).

Special Milk Program

Under this program, schools and institutions like summer camps and residential and non-residential child care facilities not otherwise participating in a federally subsidized meal service program, along with schools with split (part-day) sessions for kindergartners or pre-kindergartners where the children do not have access to regular school meal programs, provide milk to all children at a reduced price or free. Each half-pint served is federally subsidized at a different rate, depending on whether it is served free (to those meeting criteria for free school lunches) or not — but the provision of free milk to needy children is up to the participating school and is not required. Half-pints are subsidized at 14.5 cents a half-pint for the 2006-2007 school year, or at their net *cost* (typically 1-2 cents higher) if served free. Participating schools and other outlets must have a policy of lowering any prices charged for milk they serve to the maximum extent possible, and of using their federal payments to reduce the price of milk to children. Although similar assistance existed in prior years, this program dates to 1954-1955.

In FY2005, almost 7,000 schools and other outlets served about 100 million subsidized half-pints (7% free) to roughly 500,000 children.

¹⁹ (...continued)

Sponsors in these areas can receive the maximum federal subsidies without documenting all their costs.

Commodity Assistance²⁰

The Agriculture Department provides commodity support for School Lunch program schools, the CACFP, and the Summer Food Service program. Federal donations of food commodities for child nutrition operations began in the mid-1930s to support the agricultural economy (most prominently, following the enactment of Section 32 of the Agricultural Act of August 24, 1935). In 1974, a basic “entitlement” to commodity assistance was placed in child nutrition law.

In addition to cash subsidies, schools (which receive the bulk of federally donated commodities) and other providers are “entitled” to a specific dollar value of commodities based on the number of meals they serve.²¹ The inflation-indexed (each July) commodity entitlement is set at 16.75 cents a meal for the 2006-2007 school year. The Department purchases these commodities and pays for most processing costs to fulfill this guarantee, with the goals of meeting the preferences of recipient agencies, supporting agricultural prices, and removing agricultural surpluses.

Schools and other providers also receive “bonus” commodities donated from federal stocks acquired, at the Department’s discretion, for agricultural support reasons (e.g., surplus commodities and excess Commodity Credit Corporation holdings). These bonus commodities were valued at \$120 million in FY2005.

Finally, the value of commodity donations (both “entitlement” and “bonus”) must equal at least 12% of the total cash and commodity assistance provided under the School Lunch program. If this 12% requirement is not met, the Agriculture Department is required to purchase and distribute additional commodities to schools; because of the value of bonus commodity donations, this 12% requirement has not triggered added commodity purchases/distributions in recent years.

State Administrative Expenses

Under authority in the Child Nutrition Act tracing back to 1966, states receive grants to help cover general administrative and oversight/monitoring costs associated with child nutrition programs (including commodity distribution costs, but not including WIC program costs). The national amount each year is equal to 1.5% of federal cash payments for the School Lunch, School Breakfast, Special Milk, and Child and Adult Care Food programs. The majority of this money is allocated to states based on their share of spending on the programs covered above; about 15% is allocated under a “discretionary” formula granting each state additional amounts for the Child and Adult Care Food program, commodity distribution, and “coordinated review efforts” (see the later discussion of other child nutrition special projects and activities for a description of coordinated review efforts). In addition, states receive

²⁰ Also, see the discussion of fresh fruit and vegetables in the school lunch section of this report. For important supplemental information, see CRS Report RS20235, *Farm and Food Support under USDA’s Section 32 Program*, by Geoffrey Becker.

²¹ One state (Kansas) receives cash in place of commodity assistance. In a limited number of cases, schools, in lieu of commodities, receive cash payments or “commodity letters of credit” (CLOC) to purchase commodities themselves.

administrative payments for their role in overseeing summer programs — equal to approximately 2.5% of their summer program aid. States are free to apportion their various federal administrative expense payments among child nutrition initiatives (including the summer program) as they see fit.

The WIC and WIC Farmers' Market Programs²²

The Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program) provides nutritious foods and other support to lower-income pregnant, postpartum, and breastfeeding women, and to infants and children (up to age 5).²³ The program is operated through some 10,000 local health care clinics/sites run by 2,000 local agencies and state health agencies (and more than 30 Indian tribal organizations participating as separate grantees treated like states). In addition, a special WIC-like extension run through the Defense Department serves overseas military personnel.²⁴ The WIC program originated as a two-year pilot project in 1972, and was established in law as a national program in 1975.

Although the administering state and tribal WIC agencies have some discretion in judging eligibility, recipients' household income generally can be no higher than 185% of the federal poverty guidelines (the same standard used for determining eligibility for reduced-price school meals) — e.g., \$24,440 for a family of two or \$30,710 for a three-person family, until the next annual inflation adjustment in July 2007 — and all state agencies now use the 185% income test. In the alternative, applicants who are recipients of Medicaid, food stamp, or Temporary Assistance for Needy Families (TANF) benefits may be judged automatically income-eligible. However, just as important as meeting the income test, enrollees also must be judged at “nutritional risk” by health professionals in the health agencies and clinics that administer the program — e.g., based on clinical measurements, documented nutritionally related medical conditions, dietary deficiencies.

Foods are provided (“prescribed”) through vouchers/checks, listing the specific foods and amounts appropriate to the recipient's status, that are redeemed at approved retail outlets (or, much less commonly, supplied directly by the administering agency itself).²⁵ The specific foods prescribed (e.g., juice, infant formula, cereal, eggs) are

²² The *Commodity Supplemental Food program (CSFP)* — the predecessor to the WIC program — provides federally purchased commodity food packages to low-income elderly, as well as women, infants, and children. It operates through more than 145 local projects in 32 states, the District of Columbia, and two tribal areas. While the overwhelming majority of its recipients (90%) are now elderly persons, some 50,000 women, infants, and children were assisted in FY2005.

²³ Very useful additional information on the WIC program is available from a recent report by the Agriculture Department's Economic Research Service — *The WIC Program: Background, Trends, and Issues*.

²⁴ The separate Defense Department WIC program is funded with Defense Department money.

²⁵ Two states (Mississippi and Vermont) provide WIC food items directly to recipients (not using vouchers), and several Indian tribal agencies directly distribute some items such as
(continued...)

based on a set of federally established food packages that differ by recipient type (e.g., infant, pregnant mother). However, WIC agencies have considerable leeway in implementing the federally defined food packages. They choose *which* infant formulas (or other items like juices or cereals) are offered to meet the federal food package requirements and how to respond to recipients' special needs.

Participating retailers (more than 45,000 are approved) then redeem the vouchers/checks for cash through arrangements with their state WIC agency. The program also provides financial support for state and local clinic Nutrition Services and Administrative (NSA) costs — about 27% of total federal aid provided to states and tribal organizations. These include costs associated with nutritional risk, health, and immunization assessments, nutrition and substance abuse education and counseling, health care and immunization referrals, certain breastfeeding promotion and support costs, determining eligibility, and issuing and redeeming vouchers (or directly delivering food items or operating an EBT system).²⁶ In addition, about 1% of WIC spending goes for grants to improve infrastructure (e.g., computer systems), technical assistance, and special projects like breastfeeding peer counselors and help with state management information systems.

Annual federal appropriations are granted to state and Indian tribal WIC agencies under a formula that reflects food and NSA caseload costs, inflation, and “need” (as evidenced by poverty indices) — although small amounts are set aside and distributed at the Agriculture Department’s discretion for infrastructure development (like building and upgrading EBT and management information systems) and other (e.g., breastfeeding counselor) projects, and other funds have been used for small special initiatives (e.g., immunization and health care outreach efforts). These annual new appropriations are supplemented by unused money carried over from year to year and reallocated among state and tribal grantees or retained by state WIC agencies for use in the next year. Moreover, recent appropriations also have included a small (\$125 million) contingency fund.

The direct support supplied by appropriations and funding carryovers is added to by the effect (holding down food costs) of substantial rebates (discounts) from manufacturers with which state agencies contract (through competitive bidding) to be the sole source for a particular food item. This cost control strategy is used by all state agencies for infant formula, and, in FY2005, the majority of them received 90%-97% discounts on the wholesale cost of infant formula.²⁷ Moreover, 11 state

²⁵ (...continued)

infant formula. Five state agencies — Nevada, New Mexico, Ohio, Texas, and Wyoming (statewide) — have implemented electronic benefit transfer (EBT) systems that provide WIC benefits through EBT debit cards rather than paper vouchers.

²⁶ Approximately two-thirds of NSA expenses are for nutrition-related service activities like nutrition education, breastfeeding support, and nutrition risk evaluations. The remainder (roughly 10% of total program costs) represents traditional administrative costs (e.g., income eligibility determinations, issuing and redeeming vouchers).

²⁷ Recently, new state rebate/discount contracts for infant formula (as previous ones expired) have yielded noticeably smaller discounts — on the order of 76%-94% (the median being (continued...))

agencies also have rebate contracts for juice and cereal. In FY2005, the estimated rebate savings was worth \$1.6 billion.²⁸ As part of this cost containment effort, special limits are in place for approving retailers who derive the majority of their revenue from WIC vouchers (so-called “WIC-only” stores); at present, no new WIC-only stores may be certified for participation, and the prices they may charge the WIC program are significantly constricted.

Finally, a relatively small (in dollar terms) *WIC farmers’ market nutrition program* operates, with significant non-federal matching funding (30% of administrative costs), in 38 states, the District of Columbia, Puerto Rico, Guam, and four Indian tribal organizations. It is run by a variety of state agencies (typically, state agriculture offices) coordinating with the regular WIC program and offers some 2.5 million WIC participants special vouchers that are used to buy fresh produce through about 4,700 participating farmers’ markets, roadside stands, and community supported agriculture projects. The federal government pays the cost of the first \$30 (per participant per year) of each farmers’ market voucher, and shares administrative costs with the states and other political jurisdictions sponsoring the program.

In FY2005, average monthly WIC participation was 8.0 million persons — 1.97 million women, 2.05 million infants, and 4.0 million children. Average per-person federal costs were \$37.50 a month for food and \$14.40 a month for NSA expenses.

Special Projects and Other Support Activities²⁹

Under the *coordinated review effort (CRE)*, the FNS, in cooperation with state agencies, conducts periodic school compliance and accountability evaluations to improve management and identify administrative, subsidy claim, and meal quality problems. This \$5 million-a-year effort is the major ongoing initiative related to maintaining the integrity of child nutrition programs (although, under the terms of the most recent child nutrition reauthorization law, P.L. 108-265, new funding is available for additional administrative reviews of schools needing special oversight). The Agriculture Department’s Economic Research Service (ERS) and the FNS conduct *nutrition research, studies, surveys, and evaluations* (typically totaling \$6-\$8 million a year for child nutrition and WIC activities); this work was formerly done exclusively by the FNS.³⁰ A national *Food Service Management Institute (FSMI)* provides technical assistance, instruction, materials in nutrition and food service management (it is funded at \$4 million a year). And an *information clearinghouse* provides information to support community-sponsored food assistance initiatives

²⁷ (...continued)

89%). For additional information on infant formula rebates, see the March 2006 Government Accountability Office (GAO) Report GAO-06-380 entitled *Food Assistance: FNS Could Take Additional Steps to Contain WIC Infant Formula Costs*.

²⁸ States also pursue other initiatives to control food costs, including use of “least-cost” brands and “economic” package sizes.

²⁹ Also see the discussion of fresh fruit and vegetables in the section of this report devoted to the School Lunch program.

³⁰ Money for research, studies, and evaluations is *not* included in the funding tables at the end of this report.

(funding of about \$250,000 a year). *Special FNS projects* — “Team Nutrition” nutrition education projects, a food safety project, technical assistance to program operators, food service training grants, aid with electronic food service resource systems, “program integrity” initiatives — are aimed at helping schools and other providers with nutrition education materials, assisting them to improve their meal service operations and the quality of meals, and ensuring federal support is spent correctly; they are typically funded at about \$10-\$20 million a year.

In addition to the above-noted ongoing projects and activities, the 2004 Child Nutrition and WIC Reauthorization Act (P.L. 108-265) added new, mostly one-time, “mandatory” spending to assist states and schools in *improving administration of their school meal programs* (especially determination of eligibility for free and reduced-price meals), gave money to the FNS to help local schools develop “*wellness policies*” (outlined in the school lunch section of this report), and provided one-time funding for specific *pilot projects* (related to expanding summer food service). It also extended, expanded, and provided new money (later increased) for a *free fresh fruit and vegetable program* in selected schools (discussed under the description of the School Lunch program).³¹

Funding for Child Nutrition and WIC Programs

Federal support for child nutrition and WIC programs is derived from funding provided out of (1) annual Agriculture Department appropriations, (2) permanent appropriations not included in the annual appropriations laws (e.g., money directly appropriated for the Food Service Management Institute under its authorizing law and other spending mandated by law), (3) unused money available (carried over) from prior years’ appropriations, transferred from other Agriculture Department appropriations accounts, or recovered from states and operators, and (4) funds paid for child nutrition initiatives from budget accounts separate from appropriations to the child nutrition and WIC accounts (e.g., a large share of commodity assistance).

Actual spending for most child nutrition programs — but not WIC programs — normally is dictated by the demand for federal dollars called for by the number and type of subsidized meals, snacks, or half-pints of milk served, not the funding made available (annually appropriated or otherwise); these programs are mandatory “entitlements.” WIC (and WIC farmers’ market) spending, on the other hand, is “discretionary” and dictated by the dollar amounts available from current and prior-year (carried-over or recovered unused) appropriations. State WIC agencies serve as many persons as they can within their respective allocations of appropriated funds (supplemented by carryovers and recoveries), and not all eligibles may be served if funds run short. Individual programs within the child nutrition budget account (e.g., the School Lunch and Breakfast programs) do not receive specific (“line-item”) appropriations, and thus funding may be shifted among the various child nutrition

³¹ The largest share of these new costs occurs in FY2006. For a description of the new initiatives, see CRS Report RL33299, *Child Nutrition and WIC Legislation in the 108th and 109th Congresses*, by Joe Richardson.

programs as needed — so long as total spending stays within the overall amount available from new appropriations and other sources.

As a result, readily identifiable annual congressional *appropriations* — typically divided into two major accounts, a ***child nutrition account*** and a ***WIC program account*** — do not provide a clear or complete picture of total federal support for child nutrition and WIC programs in a given year.³² Rather, *spending* figures — normally higher than appropriations, shown in this report's second table (typically, obligations), give a much better overview than appropriations amounts.

Table 1 presents recent *appropriations* for the child nutrition and WIC program accounts (FY2004-FY2006), the appropriations request for FY2007, the House-approved FY2007 appropriations bill (H.R. 5384; H.Rept. 109-463), and the Senate-reported FY2007 appropriations measure (H.R. 5384; S.Rept. 109-266). **Table 2**, on the other hand, shows, for the same years, *spending* figures (estimates for FY2006 and FY2007) for the various child nutrition programs and activities, the WIC program, and the WIC Farmers' Market program.

For additional detailed information about the FY2007 budget and appropriations, see CRS Report RL33412, *Agriculture and Related Agencies: FY2007 Appropriations*, coordinated by Jim Monke.

³² **Note:** Beginning with FY2005, WIC farmers' market appropriations have been made under a separate FNS budget account — ***Commodity Assistance Programs***.

**Table 1. Child Nutrition & WIC Appropriations:
FY2004-FY2007**
(in millions)

Annual appropriations account	FY2004: Consolidated Appropriations (P.L. 108-199)	FY2005: Consolidated Appropriations (P.L. 108-447)	FY2006: Agriculture Appropriations (P.L. 109-97)	FY2007: Administration request	FY2007: House bill (H.R. 5384)	FY2007: Senate bill (H.R. 5384)
Child nutrition	\$ 11,417.4	\$ 11,782.0	\$ 12,660.8	\$ 13,645.5	\$ 13,345.5	\$ 13,654.5
WIC	4,611.9	5,277.2	5,204.7	5,200.0	5,244.0	5,264.0
Total	\$ 16,029.3	\$ 17,059.2	\$ 17,865.5	\$ 18,845.5	\$ 18,589.5	\$ 18,918.5

Sources: Agriculture Department appropriations laws for FY2004-FY2006, annual Agriculture Department budget documents, H.Rept. 109-463, and S.Rept. 106-266.

Notes: WIC appropriations have been reduced to reflect directed rescissions in discretionary programs — \$27.3 million (FY2004), \$42.2 million (FY2005), and \$52.3 million (FY2006) — and a \$100 million transfer in FY2004. *Not* included are mandatory appropriations made by laws outside the appropriations acts, funding available from other Agriculture Department accounts (e.g., some commodity support, a \$120 million transfer from the Food Stamp budget account in FY2005), unused carryover or recovered funding from previous years, and money for the WIC farmers' market program in FY2005 and later years (about \$20 million a year appropriated through another budget account). The House bill's child nutrition appropriation does not include a \$300 million contingency fund proposed by the Administration and included in the Senate bill; however, it (like the Senate bill and the Administration's request) does allow for \$125 million in contingency funds for the WIC program. Added funds for a free fresh fruit and vegetable program in selected schools are not included in the House bill amounts shown here (they are appropriated separately), but are included in the Senate child nutrition appropriation.

Table 2. Child Nutrition & WIC Spending: FY2004-FY2007
(in millions)

Programs/ Activities	FY2004 (actual)	FY2005 (actual)	FY2006 (estimated)	FY2007: (estimated, Administration request)	FY2007: (estimated, House bill, H.R. 5384)	FY2007: (estimated, Senate bill, H.R. 5384)
School lunch ^a	\$ 6,629.7	\$ 7,023.8	\$ 7,457.6	\$ 7,831.9	\$ 7,831.9	\$7, 831.9
School breakfast ^a	1,786.9	1,937.4	2,082.9	2,251.3	2,251.3	2,251.3
Child & adult care food ^a	2,055.7	2,134.4	2,156.4	2,272.1	2,272.1	2,272.1
Summer food service ^a	266.6	273.2	290.2	305.9	305.9	305.9
Special milk	14.0	16.6	15.0	14.0	14.0	14.0
Commodity support ^b	878.0	941.6	922.7	959.6	959.6	959.6
State admin. expenses	139.6	145.7	156.1	165.5	165.5	165.5
Coordinated review effort	5.2	5.2	5.2	5.3	5.3	5.3
Food service management institute (FSMI)	3.0	4.0	4.0	4.0	4.0	4.0
Fresh fruit and vegetable program in schools ^c	3.0	9.0	15.0	9.0	25.0	18.0
Special projects & other activities ^d	16.2	18.6	35.6	18.2	18.2	18.2
Child nutrition total	11,797.9	12,509.5	13,140.7	13,836.8	13,852.8	13,845.8
WIC program ^e	4,899.4	5,002.8	5,237.8	5,225.6	5,354.0	5,374.0
WIC farmers' markets ^f	20.9	24.8	19.8	19.8	20.0	20.0
Overall total	\$ 16,718.2	\$ 17,537.1	\$ 18,398.3	\$ 19,082.2	19,226.8	19,239.8

Sources: Agriculture Department budget documents, H.Rept. 109-463, S.Rept. 109-266, and estimates from the Agriculture Department's Food and Nutrition Service for WIC spending under the House bill.

Notes: Includes spending from all funding sources: regular appropriations, money from other budget accounts (e.g., Section 32 commodity support, a \$120 million FY2005 transfer from the Food Stamp account), permanent appropriations, and carryovers of unused funding from previous fiscal years. Does *not* include spending on child nutrition- and WIC-related research.

- a. Figures include cash assistance only, not the value of commodities or cash-in-lieu of commodities.
- b. Figures include (1) some \$400 million in commodities purchased for and donated to child nutrition programs (at no charge to the child nutrition account) to meet commodity entitlements, (2) cash subsidies and commodity letters of credit provided in lieu of commodity entitlements (e.g., \$94 million in FY2005), and (3) certain federal commodity donation administrative/distribution/computer support spending (e.g., \$9 million in FY2005). *Not* shown is the value of “bonus” commodities donated by the Department from excess federal commodity holdings (e.g., \$120 million in FY2005).
- c. Unlike other numbers in this table, figures for the free fresh fruit and vegetable program in schools represent funding made *available* for each year, not actual spending, because of uncertainty about spending amounts. Actual spending figures are likely to be substantially lower than the amounts shown. The table allocates to FY2004 \$3 million of the \$6 million provided by the 2002 farm bill (P.L. 107-171) for FY2003 and FY2004. The \$9 million shown for FY2005 is the amount mandated by the 2004 child nutrition reauthorization law (P.L. 108-265) for each year beginning with FY2005. The \$15 million shown for FY2006 includes the \$9 million mandate from the child nutrition reauthorization law, plus \$6 million appropriated by the FY2006 appropriations measure. The Administration’s request for FY2007 includes only the \$9 million mandated amount. The House \$25 million figure is a discretionary appropriation that assumes suspension of the \$9-million-a-year mandate. The Senate figure includes the \$9 million mandatory funding amount, plus a \$9 million discretionary appropriation.
- d. Special projects and other activities include nutrition education efforts through “Team Nutrition,” food safety education, several program integrity/technical assistance initiatives undertaken by the Administration or directed by the 2004 child nutrition reauthorization law, an information clearinghouse, program evaluations, a summer program pilot project, and funding for the FNS to help schools establish “wellness policies.” A large portion of the FY2006 amount reflects one-time spending directives in the 2004 child nutrition reauthorization law (P.L. 108-265).
- e. The FY2007 Administration request for the WIC program is predicated on enactment of a recommendation to limit WIC Nutrition Services and Administration (NSA) support to 25% of state grants (an estimated savings of \$152 million in FY2007). The House and Senate figures reject the proposed NSA limits. They also reflect major changes in assumptions as to food costs, participation, and the availability of prior-year funds (as estimated by the Food and Nutrition Service after passage of the House bill and before reporting of the Senate bill).
- e. WIC farmers’ market figures represent *spending* from amounts available from new annual appropriations, *plus* money recovered or carried over from prior years. They reflect a substantial amount of unused funding in FY2004 (later made available and obligated in FY2005), and they assume significant, although shrinking, recoveries/carryovers (a decrease in unused money) in FY2005, FY2006, and FY2007. Annual *appropriations* were \$22.9 million in FY2004, \$19.8 million in FY2005, and \$19.8 million in FY2006. A \$19.8 million appropriation is requested for FY2007. In effect, the drop in appropriations beginning with FY2005 does not show in spending totals until FY2006 because unspent funds from earlier years were available. However, the FY2005 spending figure may be revised downward by as much as \$2 million when all unused money is recovered, and the FY2006 and FY2007 amounts may be revised upward to the extent recoveries from FY2005 are made available as grants. The FY2007 figure for the House and Senate bills reflects \$200,000 added by these bills.