

California Issue Paper
School Nutrition Association Legislative Action Conference
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The Healthy, Hunger-Free Kids act which reauthorized school meals is reality. The California School Nutrition Association (CSNA) looks forward to many positive changes to improve the health of our children. Our focus in this correspondence is to provide insight and solutions to make all changes positive for children.

We are excited to have congress reauthorize school meals with six additional cents reimbursement (**Section 201**). We have concerns along with USDA that the extra funding will not cover the cost of the many changes. USDA estimates the cost to implement the changes to our guidelines at fourteen cents for lunch and fifty eight cents at breakfast. California recommends that USDA change our commodity allowance to include commodity support for the school breakfast program to help offset the cost. Clearly much of the higher cost for breakfast lies in the additional required servings of fruits and vegetables. This solution would add support to our partners in agriculture and help schools make additional purchases of fruits and vegetables.

A real concern in California is the provision that requires school districts to charge students for paid meals at a price that is on average equal to the difference between the free meal reimbursement and paid meal reimbursement (**Section 205**). Depending on the economic level of the area many families will not be able to afford higher prices. The impact could have the opposite effect of the intent of Congress by limiting access of meals for full paid students. California has many families that are just over the limit and currently participate at the paid level on a limited basis. We recommend USDA provide a waiver for this provision which would allow local school districts to make this decision based on the economics in their area. CSNA has a concern that a number of particularly low-needy high schools may opt out of the National School Lunch program.

Section 307 of Public Law 111-296 requires the Secretary to determine which expenses (indirect costs) incurred by a local school district can be charged to the nonprofit school food service account. SNA requests that the Congress follow up with the Secretary to guarantee that only those expenses “necessary to provide meals under the Act” are paid from the school food service account.

Indirect costs are agency-wide, general management costs (i.e., activities for the direction and control of the agency as a whole). General management costs consist of administrative activities necessary for the general operation of the agency, such as accounting, budgeting, payroll preparation, personnel services, purchasing, and centralized data processing.

Conversely, direct costs are costs that provide measurable, direct benefits to the program. They include costs that relate directly to the School Nutrition Program and also support costs that relate to the peripheral services necessary to maintain the program. Examples of direct costs include salaries, benefits, food and supply costs and other costs that are required to run the program on a day to day basis.

Reauthorization authorizes and funds a study of indirect costs in the School Meal Programs. Two million dollars in mandatory funding is set aside for this study. It requires USDA to identify the types of costs that are reasonable and necessary to provide school meals and issue guidance. Authorization is given to USDA to develop regulations to allow schools to reimburse only those costs and requires a report to Congress.

The California School Nutrition Association request California be a part of the mandatory study of indirect charges and further request the study be expanded to include direct charges to School Meal Programs. The Senate version of Reauthorization included direct charges in the study. Adding direct costs would give a clear vision and guidance to California School Districts on whether or not and how to charge the cafeteria fund for payroll, electricity, janitors, etc.