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Child Nutrition and WIC Programs: Background and Funding

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Child Nutrition and WIC Programs: Background and Funding

Summary

About a dozen federally supported child nutrition programs and related activities — including school meal programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program) — reach over 37 million children and almost 2 million lower-income pregnant/postpartum women. The Administration anticipates *spending* $16.4 billion on these programs/activities in FY2004, and the Consolidated Appropriations Act for FY2004 (P.L. 108-199) is intended to support this spending level (although with *new appropriations* of a lesser amount, some $16 billion). The Administration's FY2005 budget request anticipates spending a total of $16.85 billion, supported by new appropriations of $16.17 billion.

The *School Lunch and School Breakfast programs* provide cash subsidies to participating schools and residential child care institutions (RCCIs) for all meals they serve; larger subsidies are granted for free and reduced-price meals served to lower-income children. The *Child and Adult Care Food Program (CACFP)* subsidizes meals and snacks served by child care centers and day care homes; in centers, higher subsidies are given for meals/snacks served to lower-income children, while subsidies for homes generally are not varied by children's family income (but are larger for homes in lower-income areas or operated by lower-income providers). Schools, RCCIs, and other public and private nonprofit 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 and private nonprofit sponsors in lower-income areas during the summer; all meals/snacks they serve are subsidized, generally without regard to individual children's family income. The *Special Milk program* operates in schools and RCCIs without a lunch program and subsidizes all milk they serve. All these subsidies are inflation-indexed and are paid only where the subsidized meals/snacks meet federal nutrition 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 stocks acquired for agricultural support purposes). Grants also are made to help cover *state administrative expenses*. And, the *WIC program* provides nutrition services and tailored food packages to lower-income pregnant, breastfeeding, and postpartum women, infants, and children who are judged to be at nutritional risk. Other significant federal programs/activities include: a WIC farmers' market nutrition program, support for a Food Service Management Institute, a nutrition education initiative, and efforts to improve meal quality, food service, and safety.

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

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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, the House Agriculture Committee.

Major amendments affecting child nutrition and WIC programs were made in the most recent reauthorization law, the 1998 William F. Goodling Child Nutrition Reauthorization Act (P.L. 105-336), and a number of laws enacted in the 106th and 107th Congresses — most notably as part of larger measures not specifically targeted on child nutrition or WIC programs (e.g., P.L. 106-170, P.L. 106-224, P.L. 106-554, P.L. 107-76, P.L. 107-171). Reauthorization of various child nutrition and WIC authorities is scheduled for 2004, and the House approved its reauthorization legislation (H.R. 3873) on March 24, 2004.

> ***Note:*** For information about legislation and legislative issues see: (1) CRS Report 96-987, *Child Nutrition Legislation in the 104th Congress*, (2) CRS Report 97-108, *Child Nutrition Issues in the 105th Congress*, and (3) CRS Report RL31578, *Child Nutrition and WIC Legislation in the 106th and 107th Congresses.*

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 schools and school districts

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[1] The School Lunch and Child Nutrition Acts provide most of the basic authorities for child nutrition programs. 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 commodities). For more information, see CRS Report RS20235, *Farm and Food Support under USDA's Section 32 Program.*

("school food authorities") most often have the major role; in a 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, and agriculture departments all have roles; at a minimum, they are responsible for approving and overseeing local providers such as schools and making sure they receive the federal support they are due. At the local level, program benefits are provided to over 36 million children and nearly 2 million lower-income pregnant and postpartum women through some 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 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 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; just under 10% are 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] But 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 children's families (by paying charges for nonfree 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

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[2] 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 in the Special Milk program, federal subsidies do not; and (2) commodity support subsidies are provided without regard to free/reduced-price eligibility determinations and 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 United States.

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. Most child nutrition programs are treated as *entitlements:* federal funding 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. The major exception is the WIC program, which is a "discretionary" grant program. WIC agencies serve as many applicants as possible with the money available from federal grants (and, in some cases state subsidies), but not necessarily all eligible applicants.

Extensive information about child nutrition programs, including the WIC program, also may be found at the Agriculture Department's Food and Nutrition Service website: [http://www.fns.usda.gov].

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. Subsidized meals must meet federal nutrition standards based on Recommended Dietary Allowances (RDAs) and the Dietary Guidelines for Americans. Participating schools/RCCIs also must guarantee to offer free/reduced-price meals to lower-income children, adhere to certain federal administrative standards, and follow "Buy American" rules.[4]

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. The 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). While similar aid (primarily, federally donated commodities) for school meals was provided as early as the mid-1930s, the basic School Lunch program as

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[4] "Buy American" rules require that participating schools purchase U.S.-produced agricultural commodities and food products processed in the U.S. "substantially" using U.S.-produced commodities — *to the maximum extent practicable*. These rules apply to schools located in the contiguous 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.

it operates today dates to enactment of the 1946 National School Lunch Act and major changes to the law in the early 1960s and early 1970s.

Free lunch cash subsidies are paid for meals served to those who apply and claim annual family cash income below 130% of the inflation-indexed federal poverty guidelines — e.g., $19,838 for a family of three or $23,920 for a four-person family in the 2003-2004 school year — or who are "directly certified"eligible as public assistance (e.g., food stamp) recipients. For the 2003-2004 school year, these free-lunch subsidies are $2.19 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 $19,838 and $28,231 for a family of three or between $23,920 and $34,040 for a four-person family in the 2003-2004 school year. For the 2003-2004 school year, these reduced-price subsidies are $1.79 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 $28,231 for a family of three or $34,040 for a four-person family in the 2003-2004 school year — or whose families do not apply for free or reduced-price lunches. For the 2003-2004 school year, these subsidies are 21 cents a lunch.

All of the above rates are increased by 2 cents a lunch for schools/RCCIs with very high (60%+) free and reduced-price participation (almost half of all lunches are subsidized with this added 2 cents).[5] On top of cash subsidies, schools/RCCIs are entitled to federal commodity assistance (discussed later in this report) for any lunch served. Under this rule, schools/RCCIs will receive "entitlement" commodities valued at a minimum of 15.75 cents a lunch in the 2003-2004 school year; this amount is inflation indexed annually (each July).

In addition to the regular School Lunch program, schools/RCCIs may, under provisions added by the 1998 reauthorization law, expand their program to cover

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[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, full-price program). This choice generally is used by schools with high proportions of needy children. It reduces the burden of making individual eligibility determinations and simplifies daily meal counts and procedures for claiming federal subsidies, thereby saving schools administrative costs. Three options to accomplish this are offered 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 4-year cycle; in the following 3 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 4 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 4-year extensions if the composition of their school population remains stable.

snacks served to children through age 18 in ***after-school programs*** (or other programs operating outside regular school schedules). 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 public and private nonprofit organizations, including schools, to get subsidies for snacks and, in some cases, meals served free in after-school programs.)

In FY2003, well over 90% of schools and RCCIs got School Lunch program subsidies — some 94,000 schools enrolling 48.8 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 28.3 million children (58% of enrollment in participating schools/RCCIs). Children receiving free lunches averaged 13.7 million a day; those paying for reduced-price lunches averaged 2.7 million a day; and those buying full-price lunches averaged 11.9 million a day.[6] Average daily participation in the after-school snack component of the School Lunch program reached over 800,000 children in FY2003.

School Breakfast Program [7]

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 2 year pilot project 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 earlier discussion), and, for the 2003-2004 school year, basic cash subsidies are $1.20 per *free breakfast*, 90 cents per *reduced-price breakfast*, and 22 cents per *full-price breakfast*.[8] Special "severe need" rates (generally, an extra 23 cents for each free or reduced-price breakfast) are paid to

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[6] According to estimates from the 1999-2000 school year, about one-third of children enrolled in public schools participating in the School Lunch program actually apply and are certified eligible for free lunches, and some 7% apply and are certified eligible for reduced-price lunches — for a total of 40% of enrolled children certified eligible for income-tested subsidized meals. This proportion is noticeably higher than the proportion of enrolled children who actually claim and receive free or reduced-price lunches (about one-third).

[7] 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 Score Card (2001, Eleventh Edition)*.

[8] As with the School Lunch program, schools may opt to offer all meals free and not make free/reduced-price eligibility determinations (see footnote 5).

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.[9] 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.

In FY2003, 77% of School Lunch program schools and virtually all RCCIs in the lunch program also operated a breakfast program — i.e., some 72,000 schools enrolling 39 million children and about 6,000 RCCIs enrolling almost 300,000 children. Average daily participation in the breakfast program during the school year was 8.4 million schoolchildren (about 21% of enrollment). Children receiving free breakfasts formed the bulk of participants, averaging 6.2 million a day; those getting reduced-price breakfasts averaged 700,000 a day; and those buying full-price breakfasts averaged 1.5 million a day.

Child and Adult Care Food Program (CACFP) [10]

Public and private nonprofit nonresidential ***child care centers*** — typically serving 40-60 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 per child a day, or three meals a day in emergency/homeless shelters). Eligible centers include after-school and Head Start centers, as well as 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 addition, participating centers may receive commodity assistance based on the number of meals served (see later discussion of commodity distribution).

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 (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), or (3) children with family income above

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[9] Child nutrition law also authorizes a limited number of demonstration projects offering free breakfasts to all students in participating schools (regardless of family income) to test the effects on participation and children's school performance. In addition, recent Agriculture Department appropriations laws (for FY2001, FY2002, and FY2003) have provided money for a demonstration project for School Breakfast program start-up grants.

[10] Under this program, a few *adult day care centers* — some 1,400 sponsors with about 2,200 sites serving 86,000 persons in FY2003 — receive subsidies for meals and snacks served to elderly and chronically impaired disabled adults under the same basic terms as child care centers.

185% of the poverty guidelines (those would not be eligible for either a free or reduced-price school meal and pay full price).[11] Subsidies for lunches (or suppers) and breakfasts are the same as those noted above for the School Lunch and Breakfast programs. For July 2003-June 2004, the subsidies for snacks are 60 cents for "free" snacks, 30 cents for "reduced-price" snacks, and 5 cents for "full-price" 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 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.

The CACFP generally operates in child care centers that are public or private nonprofit entities. *For-profit* child care centers can participate in the CACFP 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.[12] In addition, under a pilot project operating for a number of years in Iowa and Kentucky, a more liberal test applies 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 – have extended it through June 30, 2004.[13] As a result, there are, at present, three potential methods by which for-profit centers can qualify: the original Title XX rule, the "pooling" variation of that rule (see footnote 12), and the (now nationwide) Iowa/ Kentucky/Delaware rule.

In addition to the regular CACFP, the 1998 child nutrition reauthorization law changed rules to allow public and private nonprofit organizations (including child care centers and schools) operating ***after-school programs*** (or other programs operated outside regular school schedules) to get federal CACFP subsidies for snacks

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[11] 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 make-up of the center's children, or weighting total payments to a center by its family income make-up.

[12] 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). This is a relatively recent rule and has encouraged increased enrollment of for-profit centers.

[13] Also see CRS Report RL31578, *Child Nutrition and WIC Legislation in the 106th and 107th Congresses*, by Joe Richardson.

served free in their programs to children (*through age 18*) in lower-income areas — at the free snack rate noted above. Moreover, in seven states — Delaware, Illinois, Michigan, Missouri, Pennsylvania, New York, and Oregon — federal subsidies may be offered for free *meals*, typically suppers, served in after-school programs (at the free lunch rate, $2.14 a supper).[14]

Separately, the CACFP provides cash subsidies to family and group ***day care homes***, typically serving 4-6 children. This component operates differently than the component for centers and was substantially changed by 1996 amendments to the law effective July 1997.

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 the family income of the child to whom the meal/snack is served.[15] 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 2003- June 2004, all lunches/suppers are subsidized at $1.83 each, all breakfasts are subsidized at 99 cents, and all snacks are subsidized at 54 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 2003-June 2004, all lunches/suppers are subsidized at $1.10 each, all breakfasts at 37 cents, and all snacks at 15 cents. Tier II homes may seek the higher Tier I rates for individual lower-income children, and, similar to centers, day care home sponsors may opt to have subsidies calculated according to the family income demographics of the children in their homes — if family income documentation is obtained.

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 2003-June 2004, these per-home payments range from $45 to $86 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). 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).

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[14] The FY2002 Agriculture Department appropriations law (P.L. 107-76) added Illinois to this list. Also see CRS Report RL31578, *Child Nutrition and WIC Legislation in the 106th and 107th Congresses*, by Joe Richardson.

[15] However, like the child care component of the program, 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.

Finally, the CACFP funds state costs connected with auditing sponsors and providers. States are provided an annual amount equal to 1.5% of their CACFP subsidies (1% beginning in FY2005).

In FY2003, some 44,000 centers/sites (almost 18,000 sponsors) with an average daily attendance of 1.9 million children participated — 30% (570,000) of the children were in for-profit centers/sites; 6% (120,000) participated in outside-of-school-hour centers/sites; and 28% (just over 500,000) were served in Head Start centers/sites. In addition, 160,000 day care home sites (about 1,000 sponsors) received subsidies for an average daily attendance of just over 900,000 children.

Summer Food Service Program[16]

Local public and private nonprofit "service institutions" running youth/recreation programs, summer feeding projects, or camps receive cash subsidies and some federally donated food commodities for free food service to children age 18 and younger (and older disabled children) during the summer. Participating service institutions (also called sponsors) generally are entities that provide on-going 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.

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 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 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 Special Food Service program were first formally separated as individual programs.

Summer sponsors get operating cost subsidies for all meals/snacks served free; these subsidies cover documented food service costs up to annually indexed per-meal/snack maximums.[17] For the summer of 2003, the maximum operating cost subsidy rates were: $2.35 for each lunch/supper, $1.35 for breakfasts, and 55 cents for snacks. Subsidies do not vary by individual children's family income, and most

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[16] 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] — specifically, a FRAC publication entitled: *Hunger Doesn't Take a Vacation: A Status Report on the Summer Food Service Program for Children (2002, Tenth Edition)*.

[17] Documentation requirements are not applied for programs sponsored by public entities in a pilot project operating in 13 states and Puerto Rico. See CRS Report RL31578, *Child Nutrition and WIC Legislation in the 106th and 107th Congresses*.

sponsors receive the maximum allowable rates. Summer program sponsors also receive significant payments for administrative costs (e.g., up to about 25 cents a lunch) according to the number 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, health inspections, and technical assistance. Schools wishing to sponsor summer programs may effectively bypass most separate Summer Food Service program rules and, under a "seamless summer waiver" project, operate a summer program using School Lunch and School Breakfast program rules and subsidy rates.

In addition to subsidies to sponsors, states themselves 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 2003, 3,600 sponsors operating some 30,000 sites provided subsidized meals and snacks to an average daily attendance of 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 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 or not — but provision of free milk to needy children is up to the participating school and is not required. Half-pints are subsidized at 13 cents a half-pint for the 2003-2004 school year, or at their net cost (typically 1.5-2.5 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 using their federal payments to reduce the selling price of milk to children. Although similar assistance existed in prior years, this program dates to 1954-1955.

In FY2003, almost 8,000 schools and other outlets served about 112 million subsidized half-pints (7% free) to roughly 500,000 children.

Commodity Assistance [18]

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 enactment of Section 32 of the Agricultural Act of August 24, 1935).

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[18] For important supplemental information, see CRS Report RS20235, *Farm and Food Support under USDA's Section 32 Program*, by Geoffrey Becker.

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.[19] The inflation-indexed (each July) commodity entitlement is a minimum of 15.75 cents a meal for the 2003-2004 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, only for agricultural support reasons (e.g., surplus commodities and excess Commodity Credit Corporation holdings). These bonus commodities were valued at $100 million in FY2003. [20]

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 Child and Adult Care Food program, commodity distribution, and "coordinated review efforts" (see later discussion of other child nutrition programs and activities for a description of the coordinated review effort). In addition, states receive 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.

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[19] 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" to purchase commodities themselves.

[20] Under a provision of law that expired September 30, 2003, the value of "entitlement" commodities (i.e., 15.75 cents x the number of meals subsidized) had to equal 12% of the total cash and commodity assistance provided under the School Lunch program. When this "12% requirement" was not met, the Department was required to purchase additional commodities to fulfill its full entitlement responsibility. Under current law, the value of "bonus" commodities donated from Department stocks also is counted when judging whether the 12% threshold is met. Moreover, for a brief period (FY1999 and FY2000), the value of bonus commodities was counted when judging whether the 12% threshold requirement was met. A requirement to count bonus commodities under the 12% rule effectively decreases the extent to which the Department has to purchase additional commodities to give to schools under the 12% rule; this means that at least $50 million a year in commodities are not required to be supplied to schools. Also see CRS Report RL31578, *Child Nutrition and WIC Legislation in the 106th and 107th Congresses*.

The WIC Program [21]

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).[22] The program is operated through some 10,000 local health care clinics/sites run by 2,000 local agencies and state health agencies (and over 30 Indian tribal organizations participating as separate grantees treated like states). It also serves overseas military personnel by way of a special extension run through the Defense Department. Although the administering state and tribal WIC agencies have some discretion, recipients' household income 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., $22,422 for a family of two or 28,231 for a three-person family, until the next annual inflation adjustment in July 2004). In addition to meeting the income test, enrollees 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. The WIC program originated as a 2-year pilot project in 1972, and was converted to its present status in 1975.

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).[23] The specific foods prescribed (e.g., juice, infant formula, cereal, eggs) are 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 (46,000 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 28% of total federal aid provided to states and tribal organizations. These include costs associated with nutritional risk, health, and

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[21] 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 over 100 projects in 28 states, the District of Columbia, and 2 tribal areas. While the large majority of its recipients (over 80%) are now elderly persons, some 75,000 women, infants, and children were assisted in FY2002.

[22] 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*.

[23] A pilot project in Wyoming provides WIC benefits through electronic benefit transfer debit cards rather than paper vouchers, and the Agriculture Department and state WIC agencies are pursuing this method of issuing WIC benefits in other states.

immunization assessments, nutrition and substance abuse education and counseling, health care and immunization referrals, breastfeeding promotion and support, determining eligibility, and issuing and redeeming vouchers (or directly delivering food items).[24]

Finally, a relatively small (in dollar terms) ***WIC farmers' market nutrition program*** is supported by the WIC appropriation. It is operated, and provided significant matching funding, by 37 states, the District of Columbia, Puerto Rico, and several tribal organizations. It is run by a variety of state and local agencies (typically state agriculture offices) and offers some 2 million WIC participants special vouchers (worth $10-$20, or more if subsidized by the state) that are used to buy fresh produce at 2,500 participating farmers' markets.

Annual federal appropriations are granted to state and 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 electronic benefit issuance systems and other projects, and other funds have been used for small special projects (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 the WIC agency for use in the next year.[25]

In FY2003, average monthly WIC participation was just over 7.6 million persons: 1.86 million women, 1.95 million infants, and 3.82 million children. Average per-person federal costs were $35 a month for food and $14 a month for NSA expenses. As has been the case in past years, approximately $1.6 billion in *rebates* from WIC food suppliers — primarily infant formula companies that state agencies contract with as sole providers — was largely responsible for holding down the program's net federal costs for food.[26]

Other Child Nutrition Programs and Activities

Under the *coordinated review effort (CRE)*, the FNS, in cooperation with state agencies, conducts periodic school evaluations to improve management and identify administrative, subsidy claim, and meal quality problems. This $5 million-a-year effort is the major initiative related to maintaining the integrity of child nutrition programs. The Agriculture Department's Economic Research Service (ERS) and the FNS, conduct *nutrition research, studies, surveys, and evaluations* (typically totaling

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[24] 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, handling/redeeming vouchers).

[25] State WIC agencies also may draw limited amounts from the upcoming year's funding.

[26] States pursue a variety of cost containment strategies such as contracting to use a single supplier through competitive bidding for items like infant formula and juices (where WIC spending forms a significant part of the market) in return for rebates for WIC purchases. Other initiatives include use of "least-cost" brands and economic package sizes.

$6-$7 million a year for child nutrition and WIC activities); this work was formerly done exclusively by the FNS. A national *Food Service Management Institute (FSMI)* provides technical assistance, instruction, materials in nutrition and food service management (it is funded at $3 million a year). And an *information clearinghouse* provided information on community and government food assistance initiatives (annual funding of about $200,000 expired September 30, 2003). *Special FNS projects* — e.g., "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, grants to help schools benefit from alternate (simpler) methods for claiming federal subsidies, "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. And, recently, *School Breakfast program demonstration projects* have (1) tested the effects of allowing all children in participating schools to obtain free breakfasts, regardless of family income (funded at $13 million over two years) and (2) supported start-up grants for new (or expanded) breakfast programs (funded at $500,000 a year in FY2001 and FY2002, and $3.3 million in FY2003).

States are authorized to receive nutrition education and training (NET) funds to train school food service personnel and instruct teachers and children about nutrition; however, funding for this program ended with FY1998, and federally funded nutrition education efforts now include only those supported through "Team Nutrition" and other special FNS technical assistance projects (see above). A Homeless Children Nutrition program provided food service subsidies similar to the CACFP for homeless children in emergency shelters; the 1998 reauthorization law merged this program into the CACFP (and support for it now is included in the CACFP).

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), (3) unused money available (carried over) from prior years' appropriations or transferred from other Agriculture Department appropriations accounts, 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 and, in recent years, money for child nutrition and WIC nutrition research, studies, surveys, and evaluations).

Actual spending for most child nutrition programs — but not the WIC program — normally is dictated by the demand for federal dollars dictated by the number of subsidized meals, snacks, or half-pints of milk served, not the funding made available (annually appropriated or otherwise). WIC spending, on the other hand, generally is dictated by the dollar amounts available from current and prior-year (carried-over) appropriations. Individual programs within the child nutrition budget account (e.g.,

the School Lunch and Breakfast programs) do not receive individually specified ("line-item") appropriations, and, thus, funding may be shifted among the various child nutrition 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 (or spending on) child nutrition and WIC programs in a given year. Rather, *spending* figures shown in this report's tables (typically, obligations) give a much better overview than *appropriations* amounts.

For each fiscal year beginning with FY1996, this report presents both (1) annual appropriations to the overall child nutrition and WIC budget accounts and (2) federal spending figures by program/activity (including funding derived from new appropriations and all other available sources). Care should be taken to review the notes for each table because they describe the extent to which items have been included or left out of the figures in the table.

FY1996-FY1998 Funding

Table 1A presents basic *annual appropriation* amounts for the child nutrition and WIC program budget accounts, including supplemental appropriations. It does not show (1) the portion of the FY1998 appropriation for the Economic Research Service (ERS) attributable to funding for child nutrition and WIC studies and evaluations (in earlier years, these studies and evaluations were funded out of appropriations to the child nutrition and WIC budget accounts and conducted through the FNS), (2) money available for child nutrition spending from permanent appropriations and other budget accounts, and (3) carryover funds, recovered unspent obligations from prior years, and transfers into the child nutrition account from other food assistance appropriation accounts.

Table 1B presents actual *spending* amounts (obligations) from all available federal funding sources. Spending figures in **Table 1B** are significantly different than annual appropriations in **Table 1A**. They provide a better overall picture of federal support, because, as noted earlier, they include spending derived from annual appropriations, *plus* permanent mandatory appropriations, carryovers and other unspent money from prior years, transfers from other accounts, and appropriations for child nutrition and WIC activities from other budget accounts. Spending figures also are adjusted to account for unused funding carried over to the *next* fiscal year.

Table 1A. Child Nutrition & WIC Appropriations: FY1996-FY1998

($ in millions)

Annual appropriations account	FY1996	FY1997	FY1998
Child nutrition[a]	$ 7,946.0	$ 8,653.3	$ 7,767.8
WIC[b]	3,729.8	3,805.8	3,924.0
Total	**$ 11,675.8**	**$ 12,459.1**	**$ 11,691.8**

Notes: The figures presented in this table are *annual appropriation* amounts for each fiscal year, adjusted to include any supplemental appropriations: P.L. 104-37 (FY1996), P.L. 104-180 and P.L. 105-18 (FY1997), and P.L. 105-86 (FY1998). They are substantially lower than the total amount of federal funding available — from all sources — to fund each fiscal year's child nutrition and WIC program *spending* shown in **Table 1B** (see notes below).

a. Child nutrition figures do not include: (1) money for nutrition studies and surveys (about $3 million) appropriated to the Economic Research Service in FY1998 (a similar amount was included in the annual child nutrition appropriations for FY1996 and FY1997, and studies and surveys were conducted through the FNS), (2) money available from permanent appropriations — just over $400 million a year for commodities, the FSMI, nutrition education and training (FY1996 only), and certain other activities (an information clearinghouse, homeless children and "boarder baby" nutrition projects, school breakfast start-up grants), (3) unused money carried over from the previous fiscal year ($141 million in FY1996, $384 million in FY1997, and $605 million in FY1998) or recovered from the prior year's obligations ($370 million in FY1996 and $136 million in FY1997 and FY1998, respectively), (4) money transferred from other food assistance budget accounts ($315 million from the food stamp account in FY1998), and (5) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on child nutrition activities).

b. WIC figures include an FY1997 supplemental appropriation of $76 million (P.L. 105-18). They do not include: (1) money for WIC research and evaluations (about $3.5 million a year) appropriated to the Economic Research Service in FY1998 (a similar amount was included in the WIC appropriations for FY1996 and FY1997, and research and evaluations were conducted through the FNS), (2) unused money carried over from the previous year (well over $100 million a year), and (3) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on WIC activities). The appropriations figures include money for the WIC farmers' market nutrition program.

Table 1B. Child Nutrition & WIC Spending: FY1996-FY1998

($ in millions)

Programs/activities	FY1996 (actual)	FY1997 (actual)	FY1998 (actual)
School lunch[a]	$ 4,761.0	$ 5,032.1	$ 5,130.3
School breakfast[a]	1,124.2	1,212.7	1,299.6
Child & adult care food[a]	1,556.7	1,613.0	1,562.4
Summer food service[a]	258.2	258.5	251.6
Special milk	18.9	18.0	18.3
Commodities[b]	680.0	697.7	741.8
State administrative expenses	99.9	104.1	110.4
Nutrition education & training[c]	10.0	3.7	3.7
Homeless children nutrition	1.7	2.1	1.9
Coordinated review effort	3.9	4.1	4.2
Nutrition studies & surveys[d]	2.6	2.3	3.2
Food service management inst.	2.0	2.0	2.0
Special projects[e]	13.5	10.5	9.4
Child nutrition total	**$ 8,532.6**	**$ 8,960.8**	**$ 9,138.8**
WIC program total[f]	3,695.3	3,844.1	3,893.4
(WIC farmers' market nutrition program)	*(6.9)*	*(6.6)*	*(10.4)*
Overall total	**$ 12,227.9**	**$ 12,804.9**	**$ 13,032.2**

Notes: The figures shown are *spending* (obligation) numbers from documents accompanying the Administration's FY1998, FY1999, and FY2000 budgets, and, in the case of the WIC program, derived from the Agriculture Department's FNS WIC website and National Data Bank. They differ from *appropriations* (**Table 1A**) and include: spending from previous-year carryovers/recoveries of unspent obligations, a $315 million FY1998 transfer from the food stamp account, permanent appropriations, and commodity assistance and other spending drawn from separate Agriculture Department budget accounts. The amounts shown do *not* reflect most federal-only child nutrition/WIC administrative costs (roughly $40-$50 million a year), which are funded from a separate undifferentiated general food program administration account, or the value of "bonus" commodities not required to be provided by law. The FY1996 amounts do not reflect a reduction for an "accounts payable writedown" adjustment of $68 million.

a. Figures include cash assistance only, not the value of commodities or cash-in-lieu of commodities. The FY1996 amount for the *School Breakfast program* includes spending of $2.1 million on start-up and expansion grants (ended until limited new grants were required in FY2001). Amounts for the *Child and Adult Care Food program* include funding for a demonstration project operating in Iowa and Kentucky that applied a more liberal test to participation by for-profit day care centers and cost approximately $4 million a year.

b. Figures include cash-in-lieu of commodities (about $50-$60 million a year), some commodity donation administrative/distribution/computer costs (approximately $6 million a year), and about $400 million a year in commodities purchased and donated at no charge to the child nutrition account in order to meet the commodity entitlements of schools and other providers. The overwhelming majority (more than 90%) of commodity assistance is for the *School Lunch program*. Not shown are about $50-$100 million a year in "bonus" commodities donated, beyond commodity entitlements mandated in law by the Agriculture Department when excess federal commodity holdings permit.

c. The FY1997 figure represents funding for the *NET program* that the Agriculture Department redirected from other child nutrition activities. No specific FY1997 appropriation was made, and a requested supplemental appropriation of $6.25 million was not approved. The FY1998 figure reflects spending from amounts explicitly appropriated for the *NET program*.

d. The FY1998 appropriations law for the child nutrition account did not include a specific appropriation/spending level for nutrition studies and surveys. Instead, it consolidated virtually all funding (at the dollar level of the Administration's request) for nutrition program research and evaluation — child nutrition, WIC, and food stamps — in the Agriculture Department's Economic Research Service (ERS) budget. Prior to FY1998, child nutrition research was conducted through the FNS and funded under the child nutrition account. The figure shown for FY1998 reflects spending on child nutrition studies and surveys, by the ERS, at the Administration's requested level.

e. Figures include money for a school meals initiative and other projects to improve food service and meal quality (the bulk of the funds), along with support for a "boarder babies" project (now ended) and an information clearinghouse (both funded at less than $500,000 a year).

f. The *WIC program* totals include spending on the *WIC farmers' market nutrition program* (as shown in parentheses) and special (e.g., immunization) projects. They also include spending on WIC research and evaluation activities (typically, about $3.5 million a year). The FY1998 WIC appropriation itself did not include an amount for WIC research and evaluation; this also is true for the Agriculture Department's FNS WIC website data beginning with FY1998. Instead, the FY1998 Agriculture Department appropriation consolidated virtually all funding (at the level of the Administration's request) for nutrition program research and evaluation — child nutrition, WIC, food stamps — in the Agriculture Department's Economic Research Service budget. The FY1998 total *in the table* includes spending, through the Economic Research Service, on WIC research and evaluation at the Administration's requested level ($3.5 million). Prior to FY1998, WIC research and evaluation was conducted through the FNS and funded under the WIC account.

FY1999 Funding

The FY1999 appropriations for the child nutrition and WIC programs were enacted October 21, 1998, as part of the omnibus appropriations measure for FY1999 (P.L. 105-277; H.Rept. 105-825; see **Table 2A**). The appropriation for the *child nutrition* budget account was $9.177 billion. In addition, $3.924 billion was appropriated for the *WIC* account.

The FY1999 child nutrition amount generally followed the Clinton Administration's request.[27] Overall, the child nutrition appropriation of $9.177 billion was $53 million less than requested by the Administration, largely because of a reduction in mandated commodity purchases (estimated at $33 million), no appropriation for the Nutrition Education and Training (NET) program ($10 million had been requested), and assignment of funding for child nutrition studies and surveys ($3 million) to the Economic Research Service appropriation account (the Administration had asked that this amount be assigned to the Food and Nutrition Service and the child nutrition budget account). The WIC appropriation — $3.924 billion (including up to $15 million for the WIC farmers' market nutrition program) — was $172 million less than the requested $4.096 billion (including a separate request for $15 million for the farmers' market program) — and $3.5 million was separately appropriated to the Economic Research Service for WIC research (rather than to the Food and Nutrition Service, under the WIC account, as requested).

Actual FY1999 *spending* amounts for child nutrition and WIC programs were significantly higher than provided in the appropriations noted above (and in **Table 2A**). As shown in **Table 2B**, they reflect spending in FY1999 given funding available from *all* sources — including the annual appropriation in P.L. 105-277, permanent appropriations, money carried over and otherwise available from FY1998, and funds (and commodities) from budget accounts separate from the regular child nutrition and WIC accounts. Child nutrition spending totaled $9.654 billion, and money spent on WIC program activities (including the WIC farmers' market nutrition program) amounted to $3.956 billion.

FY2000 Funding

The FY2000 appropriations for the child nutrition and WIC programs were enacted on October 22, 1999, as part of the Agriculture Department appropriations measure for FY2000 (P.L. 106-78; H.Rept. 106-354; see **Table 2A**). The appropriation for the *child nutrition* budget account was $9.554 billion. The amount appropriated for the *WIC* account was $4.032 billion.

As with FY1999, the FY2000 child nutrition amount generally followed the Clinton Administration's request. Overall, the child nutrition appropriation of

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[27] The FY1999 appropriation level for the child nutrition account was some $1.4 billion more than the appropriation for FY1998. However, this did not translate to a *spending* increase of the same magnitude because about $1 billion was available for FY1998 spending from sources outside the normal appropriations — i.e., unspent carryover funds from FY1997 and about $300 million transferred from the food stamp budget account.

$9.554 billion was $11 million less than asked for. It included no appropriation for the NET program ($2 million was requested), assigned money for child nutrition studies and surveys ($3 million) to the Economic Research Service (not the Food and Nutrition Service as requested), and reduced the amount requested for a school breakfast pilot project (under which *all* children in the participating elementary schools receive free breakfasts) from $13 million to $7 million.[28] The $4.032 billion appropriation for the WIC program (including up to $15 million for the farmers' market program) was noticeably smaller than the Clinton Administration's request of $4.125 billion (including a separate request for $20 million for the farmers' market program), and, as in FY1999, a separate $3.5 million was appropriated to the Economic Research Service for WIC research (rather than to the Food and Nutrition Service, under the WIC account, as requested).

After the FY2000 Agriculture appropriations law, the FY2000 Consolidated Appropriations Act (P.L. 106-113) was enacted. It directed reduction of agencies' *discretionary* funds — set at .38% — the allocation of which was to be decided by the Administration. The appropriations noted above (and in **Table 2A**) and the FY2000 spending shown in **Table 2B** do *not* reflect any effect of this directive on child nutrition discretionary activities — e.g., special projects, nutrition studies and surveys — or the WIC program (which is wholly discretionary). In its FY2001 budget, the Administration announced that there would be no child nutrition or WIC program cuts as a result of the .38% reduction directive.

In addition to the FY2000 appropriation for child nutrition programs, Section 241 of the Agriculture Risk Protection Act (P.L. 106-224; enacted June 20, 2000, and discussed later in this report) directed increased commodity purchases for distribution through the School Lunch program. The Agriculture Department was effectively required to purchase $34 million worth of food commodities for the School Lunch program, over and above already planned commodity acquisitions. This $34 million in mandated commodity purchases is included in the FY2000 commodity spending figure shown in **Table 2B**.

Actual FY2000 *spending* amounts for child nutrition and WIC programs, shown in **Table 2B**, were higher than provided in the annual appropriations law. They reflect spending given funding available from *all* sources — including the annual appropriation in P.L. 106-78, permanent appropriations, money carried over and otherwise available from FY1999, funds from budget accounts separate from the child nutrition and WIC accounts, and commodity purchases mandated in P.L. 106-224 (noted above).

The enacted appropriation and other funding sources supported FY2000 spending for child nutrition programs, including studies and surveys financed through the Economic Research Service, at $9.894 billion. The enacted WIC appropriation

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[28] Funding for the NET program stopped after FY1998. The school breakfast demonstration was authorized (but not funded) by the 1998 William F. Goodling Child Nutrition Reauthorization Act (P.L. 105-336). For more information on the NET program and the demonstration, see CRS Report 97-108, *Child Nutrition Issues in the 105th Congress*, by Joe Richardson.

for FY2001, money provided for WIC research through the Economic Research Service (an estimated $3.5 million), and unused money carried over from FY1999 (about $120 million) supported WIC spending that totaled $3.976 billion — including funding for the farmers' market nutrition program, research, infrastructure grants, and technical assistance.

Table 2A. Child Nutrition & WIC Appropriations: FY1999 & FY2000

($ in millions)

Annual appropriations account	FY1999 (P.L. 105-277)	FY2000 (P.L. 106-78)
Child nutrition[a]	$ 9,176.9	$ 9,554.0
WIC[b]	3,924.0	4,032.0
Total	**13,100.9**	**13,586.0**

Notes: The figures presented in this table are *annual appropriation* amounts: P.L. 105-277 (FY1999) and P.L. 106-78 (FY2000). They are substantially lower than the total amount of federal funding available — from all sources — to fund each year's child nutrition and WIC program *spending* shown in **Table 2B** (see notes below).

a. Child nutrition figures do not include: (1) money for nutrition studies and surveys, (2) money available from permanent appropriations — just over $400 million for commodities, the FSMI, homeless children projects (FY1999 only), and an information clearinghouse — and other budget accounts (e.g., funds for "alternative meal count" project grants), (3) unused money carried over or recovered from the previous year ($157 million in FY1999 and $330 million in FY2000), (4) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on child nutrition activities), and (5) $34 million in commodity purchases mandated for FY2000 by P.L. 106-224.

b. WIC figures do not include: (1) money for WIC research and evaluations (appropriated to the Economic Research Service budget account), (2) unused money carried over from the previous year ($155 million in FY1999 and $121 million in FY2000), and (3) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on WIC activities). The appropriation figures include money for the WIC farmers' market nutrition program.

Table 2B. Child Nutrition & WIC Spending: FY1999 & FY2000

($ in millions)

Programs/Activities	FY1999: Actual spending	FY2000: Actual spending [a]
School lunch[b]	$ 5,516.6	$ 5,564.3
School breakfast[b]	1,354.8	1,422.9
Child and adult care food[b]	1,598.6	1,690.5
Summer food service[b]	295.6	283.7
Special milk	18.1	16.2
Commodities[c]	733.2	767.8
State administrative expenses	114.0	120.2
Nutrition education & training	[d]	[d]
Homeless children nutrition	1.4	*.*[e]
Coordinated review effort	4.3	4.3
Nutrition studies and surveys[f]	3.0	3.0
Food service management institute	3.0	3.0
Special projects[g]	11.2	17.8
Child nutrition total	**$ 9,653.8**	**$ 9,893.7**
WIC program total[h]	3,955.6	3,976.4
(WIC farmers' market nutrition program)	*(15.0)*	*(19.3)*
Overall total	**$ 13,609.4**	**$ 13,870.1**

Notes: The figures shown generally are *spending* (obligation) estimates from documents accompanying the Administration's FY2001 and FY2002 budgets. They differ significantly from *appropriations* (shown in **Table 2A**) and include: spending from previous-year carryovers/ recoveries of unspent obligations, permanent appropriations, commodity assistance and other spending drawn from separate Agriculture Department budget accounts, and required commodity purchases under the Agriculture Risk Protection Act (P.L. 106-224). WIC figures show spending that reflects inter-year carryovers (see note *h* on the following page). The amounts shown do *not* reflect most federal-only child nutrition administrative costs (roughly $55-$65 million a year), which are funded from a separate undifferentiated general food program administration account, or the value of "bonus" commodities supplied to child nutrition programs at the Secretary of Agriculture's discretion.

a. Includes spending under the enacted FY2000 appropriation and the commodity purchase provisions of P.L. 106-224, plus spending from other sources noted above.

b. Figures include cash assistance only, not the value of commodities or cash-lieu-of commodities. For the *Child and Adult Care Food program*, they include funding for a $4 million a year demonstration project operating in Iowa and Kentucky that applied a more liberal test to participation by for-profit day care centers.

c. Includes cash subsidies provided in lieu of commodities (e.g., $64 million in FY2000), some commodity donation administrative/distribution/computer costs (e.g., $7 million for FY2000), some $400 million in commodities purchased and donated at no charge to the child nutrition account in order to meet the commodity entitlements of schools and other providers, and $34

million (for FY2000) directed to be spent to purchase commodities by P.L. 106-224. The overwhelming majority of commodity assistance (more than 90%) is for the *School Lunch program*. Not shown specifically is the value of any "bonus" commodities that the Agriculture Department donates if excess federal commodity holdings permit (e.g., $73 million in FY2000).

d. Although the Clinton Administration requested funding for the Nutrition Education and Training (NET) program for these years, no appropriation was forthcoming.

e. As required by a 1998 change in child nutrition law, full funding for the *homeless children nutrition program* is included in the figures shown for the *child and adult care food program*, beginning with FY2000.

f. In FY1999, as in FY1998, nutrition studies and surveys were funded through the appropriation for the Economic Research Service (not the child nutrition appropriation). At the direction of the appropriations law, all funding for nutrition program research and evaluation — child nutrition, WIC, and food stamps — was consolidated in the Agriculture Department's Economic Research Service (ERS), at the dollar level requested by the Administration. For FY2000, the Administration asked that $3 million be provided for nutrition studies and surveys through the child nutrition appropriation account (and spent by the FNS). The FY2000 spending figure shown assumes spending on child nutrition studies/surveys, through the ERS appropriation, at the Administration's requested $3 million level — out of a total $12.2 million for all nutrition program research and evaluation (child nutrition, WIC, and food stamps).

g. For FY1999, the amount shown for special projects includes funding for a school meals initiative and other initiatives to improve food service and food safety (e.g., "Team Nutrition," food service training grants, food safety education), as well as an information clearinghouse. For FY2000, the special projects amount also includes money for a school breakfast pilot project offering free meals to all elementary school children in the pilot schools ($4.8 million), and $2.3 million for special grants to test alternative methods for claiming federal subsidies ("alternative meal count" projects) directed by P.L. 105-336.

h. Total *WIC program* figures include spending for the *WIC farmers' market nutrition program*. In FY1999, an amount equal to the full $15 million farmers' market program appropriation was spent. In FY2000, some $4.3 million more than the minimum $15 million explicitly appropriated was spent. The WIC program total also includes $3.5 million a year appropriated through the ERS for WIC research (also see note *f* above). The WIC spending figure for FY1999 reflects $155 million in unused FY1998 funds available in FY1999. For FY2000, WIC spending figures reflect $121 million in unused FY1999 funds available in FY2000, and approximately $180 million in unused money carried out into FY2001.

FY2001 Funding

The FY2001 appropriations for the child nutrition and WIC programs were enacted on October 28, 2000, as part of the Agriculture Department appropriations measure for FY2001 (P.L. 106-387; H.Rept. 106-948); see **Table 3A**). The appropriation for the *child nutrition* budget account was $9.451 billion. The amount appropriated for the *WIC* account was $4.052 billion.

The child nutrition amount for FY2001 was slightly ($5 million) less than the Clinton Administration's request. It included money to fully fund child nutrition activities under existing law, the requested $6 million to complete funding for a school breakfast demonstration offering meals free to all children in participating schools ($7 million was appropriated and just under $5 million was spent for this in FY2000), and $500,000 for a Wisconsin project providing grants to start up school breakfast programs. The Administration's request to reinstitute funding ($2 million) for the Nutrition Education and Training (NET) program was not approved, but its request for $3 million to pay for child nutrition studies and evaluations was adopted (although it was provided through the separate Economic Research Service appropriation).

The WIC amount for FY2001 was significantly lower than requested by the Clinton Administration. The appropriation of $4.052 billion included $4.032 billion for the regular WIC program (about $113 million less than requested) and the Administration's proposed $20 million for the WIC farmers' market program (as part of the WIC appropriation, rather than as a separate appropriation). Requested funding for WIC research ($3.5 million) was approved — but as part of the appropriation for the Economic Research Service, not the WIC account as requested.

After enactment of the FY2001 Agriculture Department appropriations law, P.L. 106-554 directed an across-the-board .22% reduction (rescission) in the appropriations for discretionary programs operated by many agencies. The effect on child nutrition programs was minuscule (a $29,000 reduction) — because very little of the account is considered discretionary spending and it is almost entirely composed of entitlement ("mandatory") programs. However, the WIC program appropriation was significantly reduced — by $8.9 million — because it is a wholly discretionary program. This rescission is not reflected in the FY2001 enacted appropriation amount shown in **Table 3A**, but its effect is accounted for in the spending figures shown in **Table 3B**.

As with FY2000, Section 241 of P.L. 106-224, the Agriculture Risk Protection Act directed the Agriculture Department to purchase additional food commodities for distribution through the School Lunch program. For FY2001, the Department was effectively mandated to buy an estimated $76 million worth of commodities, over and above acquisitions scheduled in the FY2001 budget. This amount is included in the estimated spending amounts shown in **Table 3B**, but not in the appropriations amounts shown in **Table 3A**.

Actual *spending* for child nutrition and WIC programs was higher than the annual appropriations noted above (and in **Table 3A**). As shown in **Table 3B**, they

reflect the FY2001 rescission and spending drawing on funding from *all* sources — the annual appropriation, permanent appropriations, money available from FY2000, funds from other budget accounts, and commodity buys mandated by P.L. 106-224.

The FY2001 appropriation and other sources supported spending for child nutrition programs, including studies and surveys financed through the Economic Research Service appropriation, of about $10.264 billion. FY2001 WIC spending — including the regular WIC program, farmers' market program, research, infrastructure grants, and technical assistance — totaled $4.147 billion. This was supported by the enacted WIC appropriation (as reduced by the rescission), money provided for WIC research through the Economic Research Service (an estimated $3.5 million), and money carried over from FY2000 (more than $170 million).

Table 3A. Child Nutrition & WIC Appropriations: FY2000 & FY2001

($ in millions)

Annual appropriations account	FY2000: Enacted appropriations (P.L. 106-78)	FY2001: Administration's requested appropriations	FY2001: Enacted appropriations (P.L. 106-387)
Child nutrition[a]	$ 9,554.0	$ 9,546.1	$ 9,541.5
WIC[b]	4,032.0	4,148.1	4,052.0
Total	**$ 13,586.0**	**$ 13,694.2**	**$ 13,593.5**

Notes: The figures presented in this table are *annual appropriation* amounts from P.L. 106-78 (FY2000), the Administration's FY2001 budget request and H.Rept. 106-948 (the House-Senate agreement on the FY2001 appropriations), and P.L. 106-387 (FY2001). They are substantially lower than the total amount of federal funding available — from all sources — to fund child nutrition and WIC program *spending* shown in **Table 3B** (see notes below). They are *not* adjusted to reflect the $8.9 million WIC rescission in FY2001 directed by P.L. 106-554 or additional commodity purchases mandated by P.L. 106-224.

a. Child nutrition figures do not include: (1) money for nutrition studies and surveys (except for $3 million in the Administration's FY2001 request), (2) money available from permanent appropriations — just over $400 million for commodities, the FSMI, and an information clearinghouse — and other budget accounts (e.g., "alternative meal count" grants), (3) unused money carried over or recovered from the previous year (estimated at $330 million in FY2000 and $636 million in FY2001), (4) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on child nutrition activities), and (5) additional commodity purchases mandated by the Agriculture Risk Protection Act, P.L. 106-224 ($34 million in FY2000 and $76 million in FY2001).

b. WIC figures are not adjusted for a mandated FY2001 $8.9 million rescission and do not include: (1) money for WIC research and evaluations (except for $3.5 million in the Administration's FY2001 request), (2) unused money carried over from the previous year ($121 million in FY2000 and $180 million in FY2001), and (3) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on WIC activities). Funding for the WIC farmers market nutrition program is included in all figures except the Administration's FY2001 request (the Administration asked for $20 million in a separate appropriation account).

Table 3B. Child Nutrition & WIC Spending: FY2000 & FY2001

($ in millions)

Programs/Activities	FY2000: Actual spending [a]	FY2001: Actual spending [a]
School lunch[b]	$ 5,564.3	$ 5,734.7
School breakfast[b]	1,422.9	1,468.2
Child and adult care food[b]	1,690.5	1,741.8
Summer food service[b]	283.7	292.3
Special milk	16.2	16.7
Commodities[c]	767.8	847.5
State administrative expenses	120.2	126.8
Nutrition education and training	[d]	[d]
Homeless children nutrition[e]	*.*[e]	*.*[e]
Coordinated review effort	4.3	4.5
Nutrition studies and surveys[f]	3.0	3.0
Food service management institute (FSMI)	3.0	3.0
Special projects[g]	17.8	24.8
Child nutrition total	**$ 9,893.7**	**$ 10,263.3**
WIC program total[h]	3,976.4	4,147.3
(WIC farmers' market nutrition program)	*(19.3)*	*(21.0)*
Overall total	**$ 13,870.1**	**$ 14,410.6**

Notes: The figures shown in this table are *spending* (obligation) amounts from documents accompanying the Administration's FY2001 and FY2002 budgets and are adjusted, where necessary, based on the committee reports accompanying the House and Senate FY2001 Agriculture Department appropriations measures and the House-Senate FY2001 conference agreement. They differ from *annual appropriations* (shown in Table 3A) and include spending from previous-year carryovers and permanent appropriations, commodity assistance and other spending supported by separate Agriculture Department budget accounts, and required commodity purchases under P.L. 106-224. WIC figures reflect estimated spending assuming some unused money will be carried over from year to year (see note *h* on the following page). The amounts shown do *not* reflect most federal-only child nutrition administrative costs (roughly $55-$65 million a year), which are funded from a separate undifferentiated general food program administration account, or the value of "bonus" commodities.

a. Includes spending under the enacted FY2000 and FY2001 appropriations and the commodity purchase provisions of P.L. 106-224, plus spending from other sources noted above.

b. Figures include cash assistance only, not the value of commodities or cash in lieu of commodities. For the *Child and Adult Care Food program*, they include funding for a demonstration project in several states that applies a more liberal test to participation by for-profit day care centers.

c. Includes cash subsidies provided in lieu of commodities (e.g., $68 million in FY2001), commodity donation administrative/distribution/computer spending (e.g., $8 million in FY2001), and some

$400 million in commodities purchased and donated at no charge to the child nutrition account in order to meet the commodity entitlements of schools and other providers. The overwhelming majority (more than 90%) of commodity assistance is for the *School Lunch program*. Not shown is the value of "bonus" commodities that the Agriculture Department donates if excess federal commodity holdings permit (e.g., $76 million in FY2001). However, special additional commodity purchases of $34 million in FY2000 and $76 million in FY2001 required by the Agriculture Risk Protection Act (P.L. 106-224; enacted June 20, 2000) are *included*.

d. Although the Clinton Administration requested funding for the Nutrition Education and Training (NET) program for these years, no appropriation was forthcoming.

e. As required by a 1998 change in child nutrition law, full funding for the *homeless children nutrition program* is included in the figures shown for the *child and adult care food program*.

f. In FY2000, nutrition studies and surveys were funded through the appropriation for the Economic Research Service (ERS), as they were in FY1998 and FY1999. This was in contrast to the Clinton Administration's request that they be funded through the child nutrition appropriation and conducted by the Food and Nutrition Service (FNS). At the direction of the appropriations law, all funding for nutrition program research and evaluation — child nutrition, WIC, and food stamps — was consolidated in the Agriculture Department's ERS, at the dollar level requested by the Administration. The FY2000 funding level figure shown assumes spending on child nutrition studies and surveys, through the ERS, at the Administration's requested $3 million level — out of a total $12.2 million for all nutrition program research and evaluation (child nutrition, WIC, and food stamps). For FY2001, the Administration again requested that $3 million be provided for nutrition studies and surveys through the child nutrition appropriation account and spent by the FNS. But the enacted FY2001 appropriations law provides the $3 million through the ERS appropriation.

g. The amounts shown for special projects include: funding for various projects to improve food service and food safety covering "Team Nutrition" and food service training grants and food safety education (e.g., approximately $15 million in FY2001), a small $200,000 grant for an information clearinghouse, a school breakfast pilot project offering free meals to all elementary school children in the pilot schools ($4.8 million in FY2000 and $8.2 million for FY2001), $1-2 million for special grants to test alternative methods for claiming federal subsidies ("alternative meal count grants") directed by P.L. 105-336. Funding ($500,000 in FY2001) for a special school breakfast start-up grant project in Wisconsin is included in the overall school breakfast program figure.

h. Total *WIC program* figures include spending for the *WIC farmers' market nutrition program* (shown in parentheses). WIC totals also include $3.5 million a year for research and evaluation. Funding for research and evaluation was provided through the ERS appropriation in FY2000 and again in FY2001 under the terms of the enacted appropriations law, although the Clinton Administration sought to fund and operate WIC research and evaluation through the FNS (also see note *f* above). The WIC spending figure for FY2000 reflects $121 million in unused FY1999 funds available in FY2000. The FY2001 spending figure reflects about $176 million in unused FY2000 funding available in FY2001. These carryover estimates are derived from the Administration's FY2002 and FY2003 budget submissions. The WIC spending amount for FY2001 does not include $1 million provided for a related Health Program Demonstration Project called for in P.L. 106-224.

FY2002 Funding

FY2002 Appropriations. **Table 4A** shows the Bush Administration's requested FY2002 annual appropriation amounts for the child nutrition and WIC budget accounts, compared to the amounts provided for these accounts in: (1) the enacted FY2002 Agriculture Department appropriations law (P.L. 107-76), plus (2) *for the WIC program*, two additional FY2002 appropriations measures (P.L. 107-117; and P.L. 107-206). For further comparison, the table also includes the FY2001 appropriations for the child nutrition and WIC accounts.

Administration Request. The Bush Administration's FY2002 budget asked for an annual appropriation for the *child nutrition* account totaling $10.089 billion, $547 million more than the FY2001 appropriation. Only one new initiative was contained in this request: $2 million to fund new School Lunch "program integrity" activities for developing alternatives to the processes now used to determine eligibility for free and reduced-price school meals. With this exception, the request simply continued funding for current-law activities, with the increase reflecting inflation indexing of federal subsidies and expected enrollment changes.[29] In addition, funding for child nutrition evaluations and studies was requested in the Economic Research Service budget and the Food Program Administration account.

As to the *WIC* budget account, the Administration called for an appropriation of $4.137 billion for FY2002, $94 million above the amount appropriated for FY2001 (after reduction by $8.9 million under the terms of the FY2001 across-the-board rescission noted earlier in this report). The proposed increase was to offset expected costs due to inflation, without allowance for an increased caseload. With regard to the other components of the WIC appropriations request, the Administration asked for: (1) $14 million for infrastructure development grants, including $6 million for developing electronic benefit transfer systems, and (2) $20 million for the WIC farmers' market nutrition program.[30] The infrastructure amount was the same as FY2001, but the farmers' market request was $1 million below spending in FY2001. Additional funding for WIC research was requested through the Economic Research Service budget.

House Appropriations Action. On July 11, 2001, the House approved its version of the FY2002 Agriculture Department appropriations measure (H.R. 2330; H.Rept. 107-116).

The House bill appropriated the full $10.089 billion for the *child nutrition* account requested by the Administration, with no changes. As requested, separate funding for child nutrition evaluations and studies was provided through the budget accounts for the Economic Research Service and Food Program Administration. In

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[29] Unlike previous requests under the Clinton Administration, the FY2002 request called for funding of child nutrition studies and surveys through the appropriation to the Economic Research Service.

[30] Of the $20 million for the farmers' market program, $10 million was to be made available immediately, and up to $10 million was to be released if not needed to maintain regular WIC program caseload levels.

addition, language in the House Appropriations Committee's report (1) called for a report on enforcement of "Buy America" provisions of law that apply to school food purchase, (2) called on the Agriculture Department to review recommendations for change in policies affecting the sale of "competitive foods" in schools and seek authority for any needed changes from the appropriate authorizing committees, (3) encouraged continued efforts to resolve issues connected with application of certain requirements of federal meat and poultry inspection laws to school meals in Ohio, (4) asked for a report on implementation of efforts to increase and coordinate nutrition education activities, (5) requested a report on the effect of rising food and labor costs on school meal programs, (6) urged the Department to consider a milk vending machine pilot project in schools (potentially located in Iowa), and (7) called for a report on the availability of fruit and vegetables in schools (comparing schools with and without salad bars).

For the *WIC* account, the House appropriated the requested $4.137 billion, but included stipulations as to its spending that differed from the Administration's. It provided a total of $10 million for infrastructure development ($4 million less than requested), but then set aside $6 million (as requested) of this amount for electronic benefit transfer (EBT) systems. On the other hand, it increased the amount available for the WIC farmers' market program to $25 million ($5 million more than requested)[31] and created a new $15 million set-aside for a *seniors farmers' market program*.[32] As requested, funding for WIC research was provided through the Economic Research Service appropriation. Finally, the committee's report (1) directed the Department to make funding available to support state initiatives for innovative solutions providing benefits in WIC (and seniors) farmers' markets through electronic benefit transfer (EBT) systems, (2) urged the Department to study the feasibility of a pilot program to increase fresh produce consumption in WIC (and food stamp) programs, (3) noted the committee's concern that WIC participation in FY2002 might be higher than expected and promised to monitor the need for additional funds, and (4) called for a report on the status of policies regarding food substitutions in WIC food packages to accommodate food preferences and ethnic/cultural eating patterns.

Senate Appropriations Action. On July 18, 2001, the Senate Appropriations Committee reported its version of the FY2002 Agriculture Department appropriations measure (S. 1191; S.Rept. 107-41). The Senate approved the committee's recommendation as its version of H.R. 2330 on October 25, 2001, with no changes to child nutrition or WIC figures.

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[31] The $25 million for the WIC farmers market program was made available to the extent not needed to maintain the regular WIC caseload.

[32] The ***seniors farmers' market nutrition program*** makes grants to states and Indian tribal organizations to provide vouchers/coupons to low-income elderly persons that can be exchanged for food at farmers' markets, roadside stands, and community supported agriculture programs. It was initiated under the Clinton Administration in January 2001 using $15 million in funding available from the Agriculture Department's Commodity Credit Corporation. Money under the House bill was to be available for the seniors farmers' market program to the extent not needed to maintain the regular WIC caseload. Information about it can be found at the Agriculture Department's website: [http://www.fns.usda.gov].

For the *child nutrition* account, the Senate bill appropriated $1.5 million less than requested by the Administration and appropriated in the House bill. It differed by: (1) *not* appropriating the $2 million asked for by the Administration for School Lunch "program integrity" activities (instead, this amount was appropriated through the Food Program Administration account) and (2) appropriating $500,000 to continue a pilot project in Wisconsin making start-up grants for School Breakfast programs.[33] As with the House bill, the Senate also provided funding for child nutrition studies and evaluations through the appropriations for the Economic Research Service and Food Program Administration. In addition, language in the Senate Appropriations Committee's report (1) urged the Department to examine the merits of experiments (in Iowa and Wisconsin) with milk vending machines and expand them as pilot projects if found to be beneficial, (2) urged the Department to put an increased emphasis on nutrition education and training (particularly in light of concerns about child obesity), (3) called for a report on "Buy America" provisions covering school food purchases, and (4) requested a report on the costs of providing meals and snacks under child nutrition programs (expressing a concern that subsidy rate indexes may be lagging).

For the *WIC* budget account, the Senate bill appropriated $110 million more than requested by the Administration and appropriated in the House bill. As in the House bill, funding for WIC research was provided through the Economic Research Service appropriation. With regard to *components* of the WIC appropriation, the Senate bill: (1) followed the Administration's proposal as to infrastructure funding, (2) increased potential funding available for the WIC farmers' market nutrition program to $25 million ($20 million available immediately, and $5 million available if not needed to maintain the regular WIC program caseload), (3) did not make any provision for seniors farmers' nutrition market programs, and (4) stipulated that any carryover funds from FY2001 to FY2002 in excess of $110 million could be transferred from the WIC program to the Rural Community Advancement program. The Senate Committee's report also (1) asked the Department to assess the effect of arrangements between infant formula manufacturers and hospitals on state infant formula rebate contracts and breast-feeding rates among WIC recipients, (2) restated a policy against having WIC agencies perform aggressive health care screening, referral, and assessment functions that interfere with providing core WIC benefits and services, (3) directed the Secretaries of Agriculture and Health and Human Services to delineate responsibilities related to immunization, and (4) called for a report on the status of policies regarding food substitutions in WIC food packages to accommodate food preferences and ethnic/cultural eating patterns.

Enacted Appropriations. On November 9, 2001, the House-Senate conference agreement on the FY2002 Agriculture Department appropriations bill was filed (H.R. 2330; H.Rept. 107-275). It was approved by the House on November 13 and by the Senate on November 15. On November 28, 2001, the congressional agreement on the FY2002 appropriations law was enacted as P.L. 107-76.

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[33] This Wisconsin pilot project was initiated under provisions in the FY2001 Agriculture Department appropriations law. FY2001 funding was $500,000.

The FY2002 Agriculture Department appropriations law generally followed the Senate measure and appropriated $10.087 billion for the *child nutrition* budget account. This was intended to fully fund child nutrition activities. The Administration's requested funding for School Lunch "program integrity" activities was funded through the Food Program Administration budget account; $500,000 was provided for a Wisconsin School Breakfast expansion pilot project (as in FY2001); and money for child nutrition studies and evaluations was provided through the appropriations for the Economic Research Service and Food Program Administration. The House-Senate conference report also (1) directed the Agriculture Department to ensure that all guidance and other material related to "Buy America" requirements be coordinated to ensure that these requirements do not distinguish among sources of funds used to make purchases, (2) requested a report on rising food and labor costs for school meals, (3) called for an increased emphasis on nutrition education and training because of the rising incidence of childhood obesity and diabetes, and (3) asked the Department to analyze current levels of fresh produce available to children in school meal programs (and otherwise), review methods of distributing fresh produce to schools, and undertake outreach efforts to increase produce purchases through school meal programs.

For the *WIC* budget account, the FY2002 appropriations law provided *more* than either the House or Senate bills: $4.348 billion. As in those bills, money for WIC research was appropriated through the Economic Research Service budget. With regard to the components of the WIC appropriation, the enacted law: (1) provided $10 million for infrastructure development (plus $4 million if not needed to support the regular WIC program's caseload) and set aside $6 million for electronic benefit transfer (EBT) systems and (2) included a potential total of $25 million for the WIC farmers' market nutrition program ($10 million available immediately, plus $15 million if not needed to maintain the regular WIC program's caseload). It did not include set-asides for the seniors farmers' market nutrition program (as in the House) or the Rural Community Advancement program (as in the Senate). The House-Senate conference report also supported an infant formula study (as in the Senate), but specifically did not include language regarding support of state EBT/farmers' market initiatives (as in the House), although $100,000 was set aside for a New York EBT project dealing with the use of food stamps in farmers' markets.

Added FY2002 Funding for the WIC Program. In passing the regular FY2002 appropriation for the WIC program, both the House and Senate Appropriations Committees noted that there was a significant potential that the demand for WIC services would expand beyond the level covered by the appropriation enacted in November 2001 (P.L. 107-76). As reports of increased pressure on WIC providers were received — showing the caseload "demand" rising well above the 7.25 million persons originally projected by the Administration in early 2001 or the 7.4 million persons expected to be covered by the added money provided in the regular appropriation for FY2002 — Congress (with the Administration's support) acted to appropriate an additional $114 million for the FY2002 WIC program. This was done in two appropriations measures: (1) the FY2002 Defense Department appropriations law, P.L. 107-117 (enacted January 10, 2002) and (2) an FY2002 emergency supplemental appropriations law, P.L. 107-206 (enacted August 2, 2002).

Funding the FY2002 WIC Farmers' Market Nutrition Program. The regular FY2002 appropriation for the WIC program set aside an immediate $10 million for the WIC farmers' market nutrition program. It also provided up to $15 million extra, if the money was not needed to meet the regular WIC program's caseload requirements. Because of substantial caseload pressures on the regular WIC program, the Agriculture Department announced, early in 2002 (as part of its FY2003 budget presentation), that it would not release the additional $15 million for the farmers' market program. This would have meant a substantial drop in support for the farmers' market program — from $20 million appropriated for FY2001 (and $21 million spent, including carryover funds from FY2000). Instead, Congress stepped in and provided the $15 million as part of the 2002 "farm bill" (the Farm Security and Rural Investment Act; P.L. 107-171; enacted May 13, 2002). As a result, $26 million is available for the WIC farmers' market nutrition program in FY2002: (1) $10 million from the regular FY2002 appropriation, (2) $15 million from the "farm bill," and (3) $1 million carried over from FY2001.[34]

Additional Commodity Support in FY2002 (and FY2003). The 2002 "farm bill" (the Farm Security and Rural Investment Act; P.L. 107-171) also included a provision that has the effect of increasing Agriculture Department commodity purchases in support of child nutrition programs by an estimated $50 million in FY2002 (and FY2003). It extends provisions of child nutrition law that remove a mandate that any "bonus" commodities — already acquired by the Department for agricultural support purposes (and then donated to schools) — be counted toward a legal minimum requirement that 12% of all school lunch assistance be in the form of commodities.[35]

FY2002 Spending. FY2002 spending for child nutrition and WIC programs was significantly higher than provided in the appropriations laws noted above. **Table 4B** shows actual spending for child nutrition and WIC activities in FY2002 given the total amount of child nutrition and WIC funding available from the regular FY2002 appropriations law and other sources — including additional appropriations, funding carried over from FY2001, permanent appropriations, money from different budget accounts (e.g., the Economic Research Service, Food Program Administration), and the 2002 "farm bill." For comparison, it also includes actual spending figures for FY2001.

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[34] For details on the amount of FY2002 WIC farmers' market nutrition program funding granted by state (including the new money under the "farm bill"), see the Agriculture Department's Food and Nutrition Service website: [http://www.fns.usda.gov] .

[35] Also see CRS Report RL31578, *Child Nutrition and WIC Legislation in the 106th and 107th Congresses*.

Table 4A. Child Nutrition & WIC Appropriations: FY2001 & FY2002

(in millions)

Annual appropriations account	FY2001: Enacted appropriations (P.L. 106-387)	FY 2002: Administration's requested appropriations (original FY2002 request)	FY2002: Enacted appropriations and other funding laws (P.L. 107-76, P.L. 107-117, P.L. 107-171, and P.L. 107-206)
Child nutrition[a]	$9,541.5	$ 10,088.7	$10,087.2
WIC[b]	4,052.0	4,137.1	4,477.0
Total	**$ 13,593.5**	**$ 14,225.8**	**$ 14,564.2**

Notes: The FY2001 figures presented in this table are *annual appropriation* amounts from P.L. 106-387. They do *not* include: (1) an estimated $76 million in additional commodity purchases mandated by P.L. 106-224 and (2) the rescission of $8.9 million in WIC funding directed by P.L. 106-554. The figures for the FY2002 Administration request are taken from the FY2002 Agriculture Department budget documents. They do *not* include the Administration's two requests for additional WIC funding, totaling $114 million and enacted in P.L. 107-117 and P.L. 107-206. The figures for FY2002 enacted appropriations include the regular appropriations law (P.L. 107-76), additional appropriations totaling $114 million for the WIC program enacted in two laws (P.L. 107-117 and P.L. 107-206), and additional mandatory funding for the WIC farmers' market nutrition program ($15 million) enacted in P.L. 107-171. They do *not* include an estimated $50 million in additional commodity purchases for child nutrition programs resulting from provisions in P.L. 107-171. These appropriations figures are substantially lower than the total amount of federal funding available — from all sources — to fund *spending* for child nutrition and WIC programs, shown in **Table 4B** (see notes below).

a. Child nutrition figures do not include: (1) money for nutrition studies and surveys (appropriated to the Economic Research Service and the Food Program Administration budget account), (2) money available from permanent appropriations — just over $400 million for commodities, the FSMI, and an information clearinghouse — and other budget accounts, (3) unused money carried over or recovered from FY2001 (estimated at $344 million), and (4) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on child nutrition activities).

b. WIC figures do not include: (1) money for WIC research and evaluations (appropriated to the Economic Research Service), (2) unused money carried over from the previous year (estimated at $136 million), and (3) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on WIC activities). Funding for the WIC farmers' market nutrition program is included in all WIC figures. WIC figures for the enacted FY2002 appropriations include the regular appropriation, $114 million in additional appropriations (P.L. 107-117 and P.L. 107-206), and $15 million in mandatory funding for the farmers' market program provided in P.L. 107-171.

Table 4B. Child Nutrition & WIC Spending: FY2001 & FY2002

($ in millions)

Programs/Activities	FY2001: Actual spending[a]	FY2002: Actual spending[a]
School lunch[b]	$ 5,734.7	$ 6,026.0
School breakfast[b]	1,468.2	1,541.0
Child and adult care food[b]	1,741.8	1,830.7
Summer food service[b]	292.3	307.2
Special milk	16.7	17.5
Commodities[c]	847.5	866.1
State administrative expenses	126.8	132.3
Nutrition education and training	[d]	[d]
Homeless children nutrition[e]	*.*[d]	*.*[d]
Coordinated review effort	4.5	4.7
Nutrition studies and surveys[f]	3.0	NA
Food service management institute (FSMI)	3.0	3.0
Special projects[g]	24.8	14.4
Child nutrition total	**$ 10,263.3**	**$ 10,742.9**
WIC program total[h]	4,147.3	4,372.3
(WIC farmers' market nutrition program)	*(21.0)*	*(21.3)*
Overall total	**$ 14,410.6**	**15,115.2**

Notes: The figures shown in this table are *spending* (obligation) amounts from documents accompanying the Administration's FY2002, FY2003, and FY2004 budgets and are adjusted, where necessary, based on the congressional reports accompanying the FY2001 and FY2002 Agriculture Department appropriations measures. They differ from *appropriations* (shown in **Table 4A**) and include spending from previous-year carryovers and permanent appropriations, commodity assistance and other spending drawn from separate Agriculture Department budget accounts, and required commodity purchases and WIC funding under P.L. 106-224, P.L. 107-117, P.L. 107-171, and P.L. 107-206. WIC figures reflect spending assuming some unused money will be carried over from year to year (see note *h* on the following page). The amounts shown do *not* reflect most federal-only child nutrition administrative costs (roughly $60-$70 million a year), which are funded from a separate undifferentiated general food program administration account, or the value of "bonus" commodities.

a. Includes spending under the enacted FY2001 and FY2002 appropriations measures, the additional funding provisions of P.L. 106-224, P.L. 107-117, P.L. 107-171, and P.L. 107-206, plus spending from other sources noted above.

b. Figures include cash assistance only, not the value of commodities or cash in lieu of commodities. For the *child and adult care food program*, they include funding for a demonstration project in several states that applies a more liberal test to participation by for-profit day care centers.

c. Includes cash subsidies provided in lieu of commodities (e.g., $73 million in FY2002), certain federal commodity donation administrative/distribution/computer spending (e.g., $11 million

in FY2002), and some $400 million in commodities purchased and donated at no charge to the child nutrition account in order to meet the commodity entitlements. The overwhelming majority (more than 90%) of commodity assistance is for the *school lunch program*. Not shown is the value of "bonus" commodities donated if excess federal commodity holdings permit (e.g., $70 million in FY2002). However, special commodity purchases of $76 million in FY2001 required by the Agriculture Risk Protection Act (P.L. 106-224; enacted June 20, 2000) are *included*, as are FY2002 commodity purchases required by provisions P.L. 107-171.

d. Although the Clinton Administration requested funding for the Nutrition Education and Training (NET) program through FY2001, no appropriation was forthcoming. This item is included for purposes of historical comparison.

e. As required by a 1998 change in child nutrition law, full funding for the *Homeless Children Nutrition program* is included in the figures shown for the *Child and Adult Care Food program*. This item is included for purposes of historical comparison.

f. In FY2001, nutrition studies and surveys were funded through the appropriation for the Economic Research Service (ERS), as in FY1998-FY2000 — in contrast to the Clinton Administration's request that they be funded through the child nutrition appropriation and conducted by the FNS. At the direction of the appropriations law, all funding for nutrition program research and evaluation — child nutrition, WIC, and food stamps — was consolidated in the Agriculture Department's ERS, at the dollar level requested by the Administration. The FY2001 funding level figure shown assumes spending on child nutrition studies and surveys, through the ERS, at the Administration's requested $3 million level — out of a total $12.2 million for all ERS nutrition program research and evaluation (child nutrition, WIC, and food stamps). For FY2002, the appropriations law again earmarked $12.2 million for all nutrition program research and evaluation. However, this was divided: $9.2 million through the ERS and $3 million through the FNS, and no comprehensive breakdown showing the child nutrition studies and surveys portion of this total is available.

g. The amounts shown for special projects include: funding for various projects to improve food service and food safety covering "Team Nutrition" and food service training grants and food safety education (funded at about $12 million in FY2002), a small $200,000 grant for an information clearinghouse, a school breakfast pilot project offering free meals to all elementary school children in the pilot schools ($8.2 million for FY2001), $1 million (FY2001) for special grants to test alternative methods for claiming federal subsidies ("alternative meal count grants") directed by P.L. 105-336, and $2 million (FY2002) for a school lunch "integrity" project. Funding ($500,000 annually) for a special School Breakfast start-up grant project in Wisconsin is included in the overall school breakfast program figure.

h. Total *WIC program* figures include spending for the *WIC farmers' market nutrition program* (shown in parentheses). The WIC total for FY2001 includes $3.5 million for research and evaluation. Funding for research and evaluation was provided through the ERS appropriation in FY2001 under the terms of the appropriations law, although the Clinton Administration sought to fund and operate WIC research and evaluation through the FNS (also see note *f* above). The WIC spending figure for FY2001 also reflects $176 million in unused FY2000 available in FY2001, but does *not* include $1 million provided separately for a related Health Program Demonstration Project called for in P.L. 106-224.. The FY2002 amount does *not* include funding for research and evaluation. For FY2002, the appropriations law earmarked $12.2 million for all nutrition program research and evaluation. However, this was divided: $9.2 million through the ERS and $3 million through the FNS, and no comprehensive breakdown showing the WIC research and evaluation portion of this total is available. The FY2002 spending estimate reflects about $76 million in unused FY2001 funding available in FY2002. The FY2002 estimate also includes spending derived from additional WIC (and farmers' market) funding provided in P.L. 107-117 and P.L. 107-206 ($129 million) and reflects $108 million not used in FY2002 and carried over into FY2003.

FY2003 Funding

FY2003 Appropriations. Table 5A shows the Administration's requested FY2003 appropriations for the child nutrition and WIC budget accounts compared to: (1) the amounts provided for these accounts in the FY2003 Agriculture Department appropriations bills reported by the House Appropriations Committee (H.R. 5263; H.Rept. 107-623) and the Senate Appropriations Committee (S. 2801; S.Rept. 107-223), (2) the omnibus FY2003 appropriations measure approved by the Senate on January 23, 2003 (H.J.Res. 2), and (3) the FY2003 Consolidated Appropriations Resolution (P.L. 108-7; H.Rept. 108-10; enacted February 20, 2003).

Beginning February 21, 2003, spending for child nutrition and WIC programs was provided for by the FY2003 Consolidated Appropriations Resolution; Division A of this resolution covered the Agriculture Department. For October 1, 2002, through February 20, 2003, spending for child nutrition and WIC programs was governed by the terms of a series of temporary *continuing resolutions*. These terms and actual spending under the FY2003 Consolidated Appropriations Resolution are described in the following section of this report — **FY2003 Spending** — and **Table 5B**. In addition, the Administration revised its original request for the WIC program downward in January 2003 — see discussion of the ***Administration Request*** below.

Administration Request. The Administration's FY2003 budget asked for an appropriation for the *child nutrition* account totaling $10.576 billion, $489 million more than appropriated for FY2002. No new initiatives were contained in the request for funding under the child nutrition account. By and large, the request simply continued funding for current-law activities, with an increase reflecting inflation indexing of federal subsidies and expected enrollment changes. However, money for food safety education projects was reduced by half (from $2 million in FY2002 to $1 million in FY2003), funds for the coordinated review effort were increased noticeably (from $4.5 million in FY2002 to $5.1 million in FY2003), and the $500,000 provided in FY2002 for a Wisconsin school breakfast expansion pilot initiative was not renewed. Moreover, in the separate Food Program Administration account, the Administration asked for a substantial increase in money for "program integrity" activities affecting *all* FNS programs — up from $6.5 million in FY2002 to $11 million in FY2003. Funding for child nutrition evaluations and studies was requested separately in the Economic Research Service budget.

As to the *WIC* budget, the Administration originally called for an appropriation of $4.751 billion for FY2003, $274 million above total FY2002 funding level provided through the regular appropriation and other, later funding laws. The proposed increase was to provide money for an increased number of applicants and slightly higher food costs, *and* to create a $150 million contingency fund should costs/participation exceed budget projections. With regard to the other components of the WIC appropriations request, the Administration asked for: (1) $14 million for infrastructure development grants ($4 million more than FY2002), including $6 million for developing electronic benefit transfer systems, (2) *no funds* for the WIC farmers' market nutrition program, and (3) $2 million for a new study of the management of approved WIC vendors. Additional funding for WIC research was requested as part of the Economic Research Service budget.

On January 3, 2003, the Administration submitted *amendments* to its original FY2003 requests. They did not affect child nutrition account, but did propose a smaller FY2003 appropriation for the WIC account — a $25 million reduction. This was characterized as a $25 million decrease in the $150 million contingency fund contained in the original budget, and the Administration stated that it was possible because of lower-than-anticipated WIC food costs in FY2003. It went on to contend that, even after this reduction, the remaining $4.726 billion (including a $125 million contingency amount) would be "sufficient to ensure that WIC can serve all eligible persons seeking services" (i.e., 7.8 million persons, up from 7.5 million in FY2002, according to the original FY2003 budget). The funds derived from this reduction in the WIC appropriation would, according to the Administration, be used to offset accompanying proposals for a new "Farm Bill Technical Assistance" account and for funding for the Equal Employment Opportunity Commission.

House Appropriations Action. On July 26, 2002, the House Appropriations Committee reported its version of the FY2003 Agriculture Department appropriations measure (H.R. 5263; H.Rept. 107-623).

The House committee bill appropriated the $10.576 billion for the *child nutrition* account requested by the Administration. In doing so, it accepted the Administration's proposed changes in funding for food safety education, the coordinated review effort, and Wisconsin's school breakfast pilot (as noted above). Separately (in the Food Program Administration budget account), the House bill provided $2 million of the Administration's request for a $4.5 million increase in money for FNS program integrity initiatives. As requested, funding for child nutrition evaluations and studies was provided through the Economic Research Service budget. Finally, language in the House Appropriations Committee's report, supported establishment of a "Youth Nutrition Education Media" campaign.

For the *WIC* account, the House committee bill appropriated $4.776 billion, $25 million more than requested. In doing so, it accepted the Administration's original $150 million contingency fund, as well as proposals for infrastructure development funding, a study of WIC vendor management, and funding of other WIC research through the Economic Research Service (as noted above). However, unlike the Administration's request, it specifically included $25 million for the WIC farmers' market nutrition program (and, in Committee report language, noted that several million dollars of FY2002 money also would be available to support farmers' markets in FY2003). In the Committee's report, it: (1) called for the Department's recommendation as to providing state WIC agencies with the flexibility to deal with infant formula can-size issue so that recipients may receive the full authorized amount of formula, (2) expressed concern over the delay in updating the rules governing the content of WIC food packages and asked for quarterly reports on the status of the updating regulations, and (3) directed the Department to clarify that blended 100% fruit juices are eligible WIC food products and should be objectively evaluated by state WIC agencies for inclusion on their list of approved WIC foods.

Senate Appropriations Action. On July 25, 2002, the Senate Appropriations Committee reported its version of the FY2003 Agriculture Department appropriations measure (S. 2801; S.Rept. 107-223). On January 23, 2003, the Senate approved its version of an omnibus FY2003 appropriations bill

(H.J.Res. 2). For the child nutrition account, the Senate-passed omnibus bill included virtually the same amount as the Senate Appropriations Committee bill. However, for the WIC account, less was provided because the full WIC program appropriation was subject to an across-the-board cut in funding for discretionary programs (see the discussion below for more detail).

The ***Senate committee bill*** appropriated $10.58 billion for the *child nutrition* account, $4 million more than requested by the Administration and included in the House bill. In doing so, it accepted the Administration's proposed changes in funding for food safety education and the coordinated review effort (noted above). However, in a number of relatively small funding provisions, it differed from the Administration and the House bill — (1) it included $3.3 million for a school breakfast startup grant program building on a Wisconsin initiative begun in FY2001 (at least $1 million was to go to Wisconsin's effort, and the remainder to at least five additional states with low participation in the School Breakfast program); (2) it provided $200,000 to Food Works of Vermont to fund a "Common Roots" program; (3) it made $500,000 available for 2 years to establish a Child Nutrition Archive Resource Center at the National Food Service Management Institute, and (4) it set aside $3.2 million for child nutrition evaluations and studies through the FNS (from the child nutrition account), rather than the Economic Research Service (as requested by the Administration and included in the House bill). Separately (in the Food Program Administration budget account), the Senate bill also provided the full $4.5 million increase in funding requested for FNS program integrity activities.

The ***Senate-approved omnibus FY2003 appropriations measure*** provided an appropriation for the *child nutrition account* equal to the amount appropriated in the Senate Committee bill. However, a very small amount of this appropriation was subject to an across-the-board cut mandated for discretionary programs. The cut would be at least 1.6%, and some rough estimates placed the total required reduction at 2.9%. Depending on how this directive for a discretionary program reduction was interpreted, it could have affected between $4 million and $15 million of the total $10.58 billion child nutrition appropriation — i.e., a cut of under $500,000.

For the *WIC* account, the ***Senate committee bill*** appropriated the Administration's original request of $4.751 billion, and, in doing so, accepted the Administration's proposals for infrastructure development and a study of WIC vendor management. While the Senate committee's total appropriation was $25 million less than the House bill, it reduced the $150 million contingency fund to $125 million and specifically provided $25 million for the WIC farmers' market nutrition program. In another difference with the Administration (and the House bill), the Senate committee measure assumed funding of WIC research through the FNS (from the WIC account), as with child nutrition evaluations and studies; no specific figure is noted. The Committee's report also included language on infant formula can-size requirements and the updating of rules governing the content of WIC food packages that is comparable to that in the House report.

As regards the *WIC* account, the ***Senate-approved omnibus FY2003 appropriations measure*** followed the Senate committee bill, with one major difference. The full WIC appropriation was subject to an across-the-board cut in appropriations for discretionary programs. This would be at least 1.6%, and some

rough estimates of the total required reduction placed it at 2.9%. This translated into at least a $76 million reduction in the overall WIC appropriation of $4.751 billion (using the 1.6% minimum figure). However, while the total WIC appropriation was effectively lowered by this cut, the $25 million set-aside for the WIC farmers' market nutrition program was unaffected.

Consolidated Appropriations Resolution.[36] On February 20,2003, the President signed the FY2003 Consolidated Appropriations Resolution approved by the House and Senate February 13, 2003 (P.L. 108-7; H.J.Res. 2; H.Rept. 108-10). Division A of this law covers appropriations for the Agriculture Department, including child nutrition and WIC programs.

The FY2003 appropriation for the *child nutrition account* provided $10.58 billion — effectively the same as in the two Senate measures and some $4 million more than requested and recommended by the House Appropriations Committee. In doing so, it accepted the Administration's proposed changes in funding for food safety education and the coordinated review effort (noted earlier). As with the two Senate measures, the FY2003 appropriation also: (1) included $3.3 million for a school breakfast startup grant program ($1 million for Wisconsin); (2) provided $200,000 for a Vermont "Common Roots" program; and (3) made $500,000 available for a Child Nutrition Archive Resource Center. It did not set aside money from the child nutrition account for child nutrition research (instead appropriating funds through the Economic Research Service, as requested and recommended by the House Appropriations Committee) and provided only $1 million of the requested $4.5 million increase in money for program integrity activities. Finally, an across-the-board .65% reduction to be applied to "discretionary" activities affected less than $15 million of the total $10.58 billion child nutrition appropriation — i.e., a cut of less than $100,000.

As regards the *WIC account*, the FY2003 appropriation provided a total of $4.696 billion — significantly less than requested by the Administration. However: (1) it accepted the Administration's proposals for infrastructure development funding and a study of WIC vendor practices; (2) included a $125 million contingency fund, (3) earmarked $25 million for the WIC farmers' market nutrition program; and (4) accepted the Administration's request (and House recommendation) to fund WIC research from the Economic Research Service appropriation. The WIC appropriation was specifically *exempted* from the law's across-the-board reduction in spending for discretionary programs.

FY2003 Spending. Actual FY2003 *spending* for child nutrition and WIC programs was significantly different than the amounts provided in the FY2003 Consolidated Appropriations Resolution. **Table 5B** shows estimated spending for child nutrition and WIC activities in FY2003 under the Administration's request and

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[36] Drawing on a recommendation in the Senate appropriations measures, the enacted Consolidated Appropriations Resolution also included a provision changing child nutrition *law*. This amendment extended a rule liberalizing the conditions under which for-profit child care centers may participate in the Child and Adult Care Food program — through the end of FY2003.

the FY2003 Consolidated Appropriations Resolution (when enacted) compared to actual FY2003 spending — given the total amount of child nutrition and WIC funding available from *all sources* (regular appropriations, funding carried over from FY2002, permanent appropriations, money from different budget accounts, and the 2002 "farm bill"). Child nutrition spending was $11.2 billion and WIC spending at $4.6 billion.

Until February 21, 2003, spending on child nutrition and WIC programs was governed by the terms of a series of ***continuing resolutions***. These resolutions provided different spending rules for child nutrition and WIC programs, depending on the type of program or activity, as follows.

In general, the overwhelming majority of child nutrition spending — for those programs that are considered ***entitlements or mandatory programs*** or have ***permanent appropriations*** (the school meal programs, the Child and Adult Care Food program, the Summer Food Service program, the Special Milk program, funding for state administrative expenses, commodity assistance, and funding for the Food Service Management Institute and an information clearinghouse) — was continued at a rate that would maintain whatever assistance levels were dictated under the terms of the underlying laws, even if higher than comparable FY2002 amounts.

The regular WIC program and the WIC Farmers' Market Nutrition program are treated as ***discretionary***, and normally would have been limited to spending no more than their FY2002 amount. But, under the terms of the continuing resolutions and special WIC provisions, they were treated somewhat differently than other discretionary programs/activities.

The regular WIC program was effectively supported at a level very close to what would have been the case under the final appropriation during the period covered by the continuing resolutions because, by law, WIC funding must be "front-loaded" (i.e., half the year's funding was made available in the first 4 months of the year) and an additional $60 million in money carried over from FY2002 was made available.

In the case of the WIC Farmers' Market Nutrition program, significantly less was provided during the period covered by the continuing resolutions — when compared to the final appropriation. In FY2002, the farmers' market program spent an estimated $21 million; this included money derived from the regular WIC appropriation ($10 million), funding added from a non-WIC budget account by the 2002 "farm bill" (P.L. 107-171), and a small amount of carryover funding from FY2001. Under the continuing resolutions, the WIC Farmers' Market Nutrition program was funded at its FY2002 level, but this FY2002 level was interpreted to mean only the amount appropriated in the regular appropriation ($10 million), not the higher spending amount including derived from the "farm bill" add-on or the carryover.

Table 5A. Child Nutrition & WIC Appropriations: FY2003

(in millions)

Annual appropriations account	FY2003: Admin. request	FY 2003: House Appropriations Committee bill (H.R. 5263; H.Rept. 107-623)	FY2003: Senate-approved omnibus appropriations bill (H.J.Res. 2)	P.L. 108-7: Enacted FY2003 Consolidated Appropriations Resolution
Child nutrition[a]	$10,576.2	$ 10,576.2	$10,580.1	$10,580.2
(Senate Appropriations Committee bill; S. 2801)			*(10,580.2)*	
WIC[b]	4,726.0 [c]	4,776.0	4,675.0	4,696.0
(Senate Appropriations Committee bill; S. 2801)			*(4,751.0)*	
Total	**$15,302.2**	**$15,352.2**	**$15,255.1**	**$15,276.2**

Notes: The figures presented in this table are *annual appropriation* amounts for these accounts. They are taken from the FY2003 and FY2004 Agriculture Department budget documents, amendments to the FY2003 budget request submitted by the Administration on January 3, 2003, the appropriate House and Senate measures, and the enacted law. These appropriations figures differ substantially from the total amount of federal funding available — from all sources — to fund *spending* for child nutrition and WIC programs, shown in **Table 5B** (also see notes below).

a. Child nutrition figures do not include money for child nutrition research (nutrition studies and surveys) under the Administration's request, the House bill, and the enacted law (where they were appropriated to the Economic Research Service). They also do not include: (1) money available from permanent appropriations — just over $400 million for commodities, the FSMI, and an information clearinghouse — and other budget accounts, (2) additional commodity purchases under P.L. 107-171, (3) unused money carried over or recovered from FY2002 (estimated at $356 million), and (4) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on child nutrition activities). The figure for the Senate's omnibus appropriations bill includes a very small reduction reflecting the across-the-board cut for discretionary appropriations included in the Senate measure.

b. The WIC figure shown for the Senate's omnibus appropriations bill reflects a 1.6% across-the-board reduction mandated for discretionary programs. This was the *minimum* cut directed by the Senate measure. All WIC appropriations figures include contingency funds of varying sizes. WIC figures do not include (1) money for WIC research under the Administration's request, the House bill, and the enacted law (where they were appropriated to the Economic Research Service), (2) unused money carried over from the previous year ($123 million), and (3) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on WIC activities). Funding for the WIC farmers' market nutrition program is not included in the Administration's request for the WIC program, but is included under the House and Senate bills and the enacted law.

c. The Administration's original FY2003 budget requested a total of $4.751 billion for the WIC account. In an amendment to its request submitted to Congress on January 3, 2003, it reduced its request by $25 million, to $4.726 billion.

Table 5B. Child Nutrition & WIC Spending: FY2003

(in millions)

Programs/Activities	FY2003 estimated spending: Administration request [a]	FY2003 estimated spending: P.L. 108-7 Enacted Consolidated Appropriations Resolution [a] *WHEN ENACTED*	FY2003: P.L. 108-7 *ACTUAL SPENDING*
School lunch[b]	$ 6,389.0	$ 6,389.0	$ 6,380.6
School breakfast[b]	1,680.6	1,680.6	1,674.2
Child & adult care food[b]	1,925.1	1,925.1	1,915.5
Summer food service[b]	288.2[c]	288.2[c]	266.8
Special milk	15.4	15.4	14.3
Commodities[d]	855.7	855.7	855.6
State administrative expenses	134.0	134.0	133.1
Coordinated review effort	5.1	5.1	5.0
Food service management institute (FSMI)	3.0	3.0	3.0
Special projects[e]	11.2	15.2	15.5
Child nutrition total	**11,307.3**	**11,311.3**	**11,233.6**
WIC program[f]	4,538.7	4,563.7	4,553.2
(WIC farmers' market prog.)	*(0.0)*	*(25.0)*	*(25.0)*
Overall total	**$ 15,846.0**	**$ 15,875.0**	**$ 15,786.8**

Notes: All figures have been adjusted to reflect newer estimates contained in the FY2004 and FY2005 budgets. Care should be taken in using this table because, in some cases, it is not comparable with earlier tables in this report. Earlier tables include specific items for nutrition education and training a homeless children nutrition program, and nutrition studies and surveys. But funding requests are no longer made for nutrition education and training, the program for homeless children is now encompassed in the child and adult care food program, and money for nutrition research is typically appropriated through the Economic Research Service. The figures shown in this table are *spending* (obligation) amounts from documents accompanying the Administration's budgets and congressional documents accompanying the Agriculture Department appropriations bills and enacted appropriations. They differ from *appropriations* (shown in **Table 5A**) and include spending from previous-year carryovers and permanent appropriations, as well as commodity assistance and other spending drawn from separate Agriculture Department budget accounts. WIC figures reflect estimated spending assuming some unused money will be carried over from year to year (see note *f* below) and *not* include spending on WIC research (typically appropriated to the Economic Research Service). The amounts shown also do not reflect most federal-only child nutrition administrative costs (roughly $60-$70 million a year), which are funded from a separate undifferentiated general food program administration account, or the value of "bonus" commodities.

a. Figures have been adjusted from those originally presented in the Administration's FY2003 budget — using more current amounts from the FY2004 and FY2005 budgets.

b. Figures include cash assistance only, not the value of commodities or cash-in-lieu of commodities. For the *child and adult care food program* and the *summer Food Service program*, they include some of the funding required for pilot projects expanding participation.

c. When compared to FY2002, these estimates for FY2003 appear to show a *decrease* in spending on summer programs. However, this may be due to the estimating methodology used by the Agriculture Department and a shift of payments for summer meals from the summer program to the school lunch program. Separately calculated program indicators point to a 7% *increase* in meals served and a rise in subsidy rates under the summer program from FY2002 and FY2003.

d. Includes cash subsidies provided in lieu of commodities ($83 million in FY2003), certain federal commodity donation administrative/distribution/computer spending ($9 million for FY2003), some $200 million in commodities purchased for and donated at no charge to the child nutrition account in order to meet commodity entitlements, and additional commodity purchases required by P.L. 107-171. The overwhelming majority (more than 90%) of commodity assistance is for the *school lunch program*. Not shown is the value of any "bonus" commodities that the Agriculture Department may donate if excess federal commodity holdings permit ($100 million in FY2003).

e. The amounts shown for shown for special projects include funding for school meals initiatives including projects to improve food service (Team Nutrition) and food safety (totaling about $11 million) and a small $200,000 grant for an information clearinghouse. In addition, the figures for the enacted law and actual spending include a total of $4 million for: (1) an expanded $3.3 million school breakfast startup grant program and (2) $700,000 for 2 small special projects noted earlier in the description of Senate appropriations action. Funding for initiatives to improve the child nutrition program integrity (e.g., of free and reduced-price meal eligibility determinations in school meal programs) is not included in these figures. It was specifically funded at $2 million in FY2002. For FY2003, the enacted law provided a total of $7.5 million for program integrity initiatives in *all* FNS programs, up from a total of $6.5 million in FY2002 (including the $2 million for child nutrition activities); but no specific amount for child nutrition activities was noted. Funds for program integrity are provided through the Food Program Administration budget account.

f. Total *WIC program* figures include spending for the *WIC farmers' market nutrition program* (shown in parentheses). WIC totals do *not* include money for research and evaluations. Under the Administration's request and the enacted law, money for research related to FNS programs is largely appropriated to the Economic Research Service account; no specific figure is indicated for WIC activities. All spending figures assume significant unused FY2002 funding carried into FY2003 ($123 million), as well as a major amount carried out of FY2003 into FY2004 ($133 million) — and an unused $125 million contingency fund.

FY2004 Funding

FY2004 Appropriations. On July 14, 2003, the House approved its version of the FY2004 Agriculture Department appropriations measure — H.R. 2673 (H.Rept. 108-193) — including appropriations for the child nutrition and WIC budget accounts. On November 6, 2003, the Senate passed its version of the FY2004 appropriations bill — S. 1427 (S.Rept. 108-107). However, the FY2004 Agriculture Department appropriations bill (and six other appropriations bills) were then folded into an omnibus Consolidated Appropriations Act (H.Rept. 108-401, also numbered H.R. 2673). A House-Senate conference agreement on this measure was reported on November 25, 2003, and approved by the House (December 8, 2003) and the Senate (January 22, 2004). The consolidated appropriations law for FY2004 was enacted on January 23, 2004, as P.L 108-199. Until it was enacted on January 23, 2004, funding authority for child nutrition and WIC programs was provided by a series of "continuing resolutions" (the last of which was P.L. 108-135).

Table 6A shows the Administration's requested FY2004 appropriations for the child nutrition and WIC budget accounts compared to: (1) the House-passed FY2004 appropriations bill, (2) the Senate-passed bill, and (3) the FY 2004 Consolidated Appropriations Act (P.L. 108-199).

Administration Request. The Administration's FY2004 budget included increased appropriations for both the child nutrition and WIC accounts.

For the *child nutrition account*, the budget asked for a total appropriation of $11,418,441,000, $838 million more than was appropriated for FY2003. The increase was primarily due to inflation adjustments to federal subsidies and projected changes in enrollment. The only new initiative proposed (other than legislative initiatives that were advanced when Congress began considering child nutrition reauthorization proposals in the spring of 2003) was a one-time appropriation, totaling $6 million, to be used to fund a study of eligibility certification errors in school meal programs.

For the *WIC account*, the budget requested a total appropriation of $4,769,232,000, a $73 million increase over the FY2003 appropriation. Included in the request was $25 million in contingency funds (in addition to $125 million already in the contingency fund from FY2003) and several new initiatives: (1) $5 million for evaluation of the WIC program's effectiveness, (2) $30 million for support for state management information systems, (3) $20 million for breastfeeding peer counselors, and (4) $5 million for childhood obesity prevention projects. Money for the WIC farmers' market nutrition program ($20 million, down from $25 million provided in FY2003) was included a separate budget account — the Commodity Assistance Program.

House Appropriations Action. On July 9, 2003, the House Appropriations Committee reported its version of the FY2004 Agriculture Department appropriations measure (H.R. 2673; H.Rept. 108-193). On July 14, 2003, the full House approved the measure, with no changes to the Committee's recommendations for child nutrition and WIC programs.

The House bill appropriated $11.418 billion for the *child nutrition* account, as requested by the Administration — including $6 million for a study of eligibility certification errors.

On the other hand, the House measure appropriated $4.588 billion for the *WIC* account — $181 million *less* than asked for by the Administration and $108 million *less* than the FY2003 level. In explaining this lower WIC appropriation, the House Appropriations Committee stated that it believed that the new amount appropriated for FY2004 would provide sufficient resources to serve approximately 7.8 million participants (the Administration's participation goal) and fund the special initiatives sought by the Administration — i.e., enough resources to *spend* at the level anticipated by the Administration — especially since estimates of food costs had been reduced since the submission of the budget and FY2003 participation was projected to be lower than originally thought. It appears that these resources would be drawn from: (1) the FY2004 appropriation amount, (2) a significant carryover balance (over $200 million) from FY2003, (3) a smaller carryover of FY2004 money into FY2005 ($100 million vs $198 million in the Administration's budget), and (4) the backup availability of the contingency fund. The House measure also included the Administration's requested add-on of $25 million for the contingency fund.

As to the Administration's special WIC initiatives and the WIC Farmers' Market Nutrition program, the House bill: (1) fully funded the state management information system and breastfeeding counselor projects at their requested levels; (2) funded the obesity prevention effort at $4 million (vs. $5 million asked for); and (3) adopted the Administration's proposal for $20 million for the farmers' market program as part of *Commodity Assistance Program* budget account. The $5 million requested for evaluation of the WIC program's effectiveness was not provided for specifically.

Senate Appropriations Action. On July 17, 2003, the Senate Appropriations Committee reported its version of the FY2004 Agriculture Department appropriations measure (S. 1427; S.Rept. 108-107). On November 6, 2003, the full Senate approved the bill, with no changes to the Committee's recommendations for child nutrition and WIC programs.

Like the House bill and the Administration's request, the Senate measure appropriated $11.418 billion for the *child nutrition* account — including the requested $6 million a study of eligibility certification errors.

For the *WIC* account, the Senate bill recommended $4.639 billion — $130 million *less* than the Administration's request, $57 million *less* than the FY2003 appropriation, and $51 million *more* than the level proposed in the House bill. Similar to the House, the Senate Appropriations Committee stated that it believed that the level of new appropriations it recommended, although lower than requested, would be sufficient to serve approximately 7.8 million participants (the Administration's goal) because of changes in food cost estimates and the availability of other funds (e.g., carryover money). However, its appropriation level was higher than the House bill because it *included* $25 million for the WIC farmers' market nutrition program (the House bill appropriated $20 million for this program in a *different* budget account), and it took some account of the potential for increased

costs deriving from smaller rebates offered under recent infant formula contracts — even though it did not adopt the Administration's requested extra $25 million for a contingency fund and adopted lower-than-requested levels for some Administration proposals (see below).

With regard to the Administration's special WIC initiatives, the Senate bill: (1) fully funded the state management information system project at $30 million, (2) provided $10 million for the breastfeeding counselor project (not the $20 million requested), and (3) fully funded the proposed obesity prevention effort at $5 million. As with the House bill, no money was specifically provided for an evaluation of the WIC program's effectiveness.

Consolidated Appropriations Act. The FY2004 Agriculture Department appropriations bill was folded into an omnibus Consolidated Appropriations Act (H.R. 2673; H.Rept. 108-401). A House-Senate conference agreement on this measure was reported on November 25, 2003, and approved by the House (December 8, 2003) and the Senate (January 22, 2004). It was enacted into law (P.L. 108-199) on January 23, 2004, and takes the place of funding authority contained in a series of "continuing resolutions" (see the discussion of **FY2004 Spending** below).

The FY2004 appropriation for the *child nutrition* account included in the consolidated appropriations law is $11.417 billion — $1 million less than requested by the Administration and approved by the House and Senate. This results from a decision by House-Senate conferees to reduce the amount of funding provided for a study of eligibility certification errors in school meal programs from $6 million to $5 million.

The FY2004 appropriation for the *WIC* account is $4.639 billion, the amount proposed by the Senate, higher than the House recommendation but lower than the Administration's request. With regard to the Administration's special WIC initiatives, the final appropriations law provides: (1) $25 million for the management information system project ($5 million less than requested and approved by the House and Senate), (2) $15 million for the breastfeeding counselor project ($5 million less than requested and approved by the House, but $5 million more than approved by the Senate), and (3) $4 million for obesity prevention efforts ($1 million less than requested and approved by the Senate). The WIC Farmers' Market Nutrition program is funded at $23 million ($3 million more than requested and approved by the House, but $2 million less than approved by the Senate). No new money is earmarked for a contingency fund (House-Senate conferees noted that the entire $125 million FY2003 continency fund is still available) or a study of the WIC program's effectiveness.

The final FY2004 appropriations measure also includes an across-the-board directive reducing appropriations for "discretionary" programs like the WIC program by 0.59 percent. This effectively shrinks the actual WIC appropriation amount by $27.4 million — to $4.612 billion.

Table 6A. Child Nutrition & WIC Appropriations: FY2004

(in millions)

Annual appropriations account	FY2004: Administration request	FY2004: House appropriations bill	FY 2004: Senate appropriations bill	FY2004: Consolidated Appropriations Act (P.L. 108-199)
Child nutrition[a]	$11,418.4	$ 11,418.4	$ 11,418.4	$ 11,417.4
WIC[b]	4,769.2	4,588.3	4,639.2	4,611.9
Total	**$ 16,187.6**	**$ 16,006.7**	**$ 16,057.6**	**$ 16,029.3**

Notes: The figures presented in this table are *annual appropriation* amounts for these accounts. They are taken from the FY2004 Agriculture Department budget documents, H.Rept. 108-193, S.Rept. 108-107, and H.Rept. 108-401. These appropriations are substantially different than the total amount of federal money available — from all sources — to fund *spending* for child nutrition and WIC programs, shown in **Table 6B** (also see notes below).

a. Child nutrition figures do not include money for nutrition studies and surveys; they are covered under the budget account for the Economic Research Service or under appropriations to the Program Administration account. They also do not include: (1) money available from permanent appropriations — just over $400 million for commodities and the FSMI — and other budget accounts, (2) unused funding carried over from FY2003, and (3) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on child nutrition activities).

b. The WIC figure for the Consolidated Appropriations Act has been adjusted downward by $27.4 million to account for the measure's directive for 0.59 percent across-the-board cut in appropriations for discretionary programs. WIC amounts for the Administration request and the House bill include money for the contingency fund. For FY2004, the Administration asked that $20 million be appropriated for the WIC farmers' market nutrition program in a *separate* budget account, and this money is not included in the Administration's WIC budget request. The House bill adopted this approach, while the Senate bill and the Consolidated Appropriations Act do not. The Senate bill included $25 million for the WIC farmers' market nutrition program as part of the WIC appropriation, and the Consolidated Appropriations Act includes $23 million. Unused funding carried over from FY2003 to FY2004 and the $125 million contingency fund are not included. Money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on WIC activities) also is not reflected in this table.

FY2004 Spending. Actual FY2004 *spending* for child nutrition and WIC programs is expected to be significantly different than the amounts provided in the FY2004 Consolidated Appropriations Act. **Table 6B** presents Administration estimates of FY2004 spending on child nutrition programs/activities and the WIC program under its budget request, the House and Senate Appropriations measures, and the Consolidated Appropriations Act for FY2004 *when enacted* (see **Table 7B** for more recent projections of FY2004 spending). All funding sources are included: regular FY2004 appropriations, funding carried over or otherwise available from FY2003, permanent appropriations, and money from different budget accounts. On enactment, FY2004 child nutrition spending was projected to total $11.8 billion, and WIC spending is estimated at $4.8 billion.

No final appropriation for FY2004 was enacted until January 23, 2004. As a result, spending for child nutrition and WIC programs was, for a period, governed by the terms of a series of "continuing resolutions"(the last being P.L. 108-135). Until enactment of the FY2004 consolidated appropriations law (noted above), the continuing resolutions — along with special provisions in WIC law (discussed below) and the availability of unused funds recovered and carried over from FY2003 and unused contingency funds from FY2003 — effectively provided funding at levels that closely tracked those envisioned in the Consolidated Appropriations Act. As a result, operating under the continuing resolutions had no noticeable constricting effect on child nutrition and WIC spending. Overall, the short-term situation was very similar to that faced at the beginning of FY2003.

In general, the overwhelming majority of child nutrition spending — for those programs that are considered ***entitlements or mandatory programs*** or have ***permanent appropriations*** (the school meal programs, the Child and Adult Care Food program, the Summer Food Service program, the Special Milk program, funding for state administrative expenses, commodity assistance, and funding for the Food Service Management Institute and an information clearinghouse) — was continued a rate that would maintain whatever assistance levels were dictated under the terms of the underlying laws, even if higher than comparable FY2003 amounts.

The regular WIC program is treated as ***discretionary***, and normally would have been limited to spending no more than their FY2003 amount. But, under the terms of the continuing resolutions and special WIC provisions, it was treated somewhat differently than other discretionary programs/activities. The regular WIC program was effectively supported at a level very close to what would have been the case under the final appropriation during the period covered by the continuing resolutions because, by law, WIC funding must be "front-loaded" (i.e., half the year's funding was made available in the first 4 months of the year) and additional sums were available from unused funds carried over from FY2003.

Other programs classified as ***discretionary*** were funded at their FY2003 spending/obligation level. Typically, these programs also must allocate their funding at the FY2003 *rate* — in equal monthly or quarterly shares of the total amount available. In the case of the continuing resolutions, they could allocate the portion of the FY2003 spending/obligation amount equal to the percentage of the fiscal year covered by the continuing resolution — e.g., one-third (four months' worth) could be allocated through January 31, 2004. The few programs and activities covered by this rule included: the WIC Farmers' Market Nutrition program, funding for the child nutrition coordinated review effort, the "Team Nutrition" and food safety initiatives, and research and direct federal administrative costs linked to child nutrition and WIC programs. The effect of operating under the continuing resolutions, rather than a regular appropriation, was negligible for these programs. For all but the farmers' market program, the regular FY2004 appropriations measure (the Consolidated Appropriations Act noted above) provides funding levels that are the same as FY2003 or only very slightly higher. For the farmers' market program, the regular appropriations measure actually appropriates slightly less than FY2003.

Table 6B. Estimated Child Nutrition & WIC Spending: FY2004

(in millions)

Programs/ Activities	FY2004: Estimated spending under the Administration's request	FY2004: Estimated spending under the House bill	FY2004: Estimated spending under the Senate bill	FY2004: Estimated spending under the FY2004 Consolidated Appropriations Act *WHEN ENACTED*
School lunch[a]	$ 6,683.7	$ 6,683.7	$ 6,683.7	$6,683.7
School breakfast[a]	1,797.9	1,797.9	1,797.9	1,797.9
Child & adult care food[a]	2,019.0	2,019.0	2,019.0	2,019.0
Summer food service[a]	308.7	308.7	308.7	308.7
Special milk	15.3	15.3	15.3	15.3
Commodities[b]	831.3	831.3	831.3	831.3
State admin. expenses	140.2	140.2	140.2	140.2
Coordinated review effort	5.2	5.2	5.2	5.2
Nutrition studies and surveys[c]	*.*	*.*	*.*	*.*
Food service management institute (FSMI)	3.0	3.0	3.0	3.0
Special projects[d]	17.0	17.0	17.0	16.0
Child nutrition total	**11,821.3**	**11,821.3**	**11,821.3**	**11,820.3**
WIC program[e]	4,793.2	4,792.2	4,788.2	4,785.2
(WIC farmers' market program)	*(20.0)*	*(20.0)*	*(25.0)*	*(23.0)*
Overall total	**$ 16,614.5**	**$ 16,613.5**	**$ 16,609.5**	**$ 16,605.5**

Notes: Care should be taken in using this table; in some cases, it is not comparable with earlier tables in this report. Earlier tables include specific items for nutrition education and training and a homeless children nutrition program, but no funding request has been made for nutrition education and training and the program for homeless children is now encompassed in the child and adult care food program.

The figures shown in this table are *spending* (obligation) amounts from documents accompanying the Administration's FY2004 budget, H.Rept. 108-193, S.Rept. 108-107, and H.Rept. 108-401. They differ from *annual appropriations* (shown in **Table 6A**) and include spending from previous-year carryover funds and permanent appropriations, as well as commodity assistance and other spending supported by separate Agriculture Department budget accounts. WIC figures reflect estimated spending assuming some unused money will be carried over from year to year (see note *e* below). The amounts shown also do not reflect most federal-only child nutrition administrative costs (roughly $60-$70 million a year), which are funded from a separate undifferentiated general food program administration account, or the value of "bonus" commodities.

a. Figures include cash assistance only, not the value of commodities or cash-in-lieu of commodities. For the *child and adult care food program* and the *summer food service program*, they include some of the funding for pilot projects expanding participation.

b. Includes cash subsidies provided in lieu of commodities (e.g., $73 million in FY2002), certain federal commodity donation administrative/distribution/computer spending (e.g., $9 million estimated for FY2003), some $400 million in commodities purchased for and donated at no charge to the child nutrition account in order to meet the commodity entitlements of schools and other providers. The overwhelming majority (more than 90%) of commodity assistance is for the *school lunch program*. Not shown is the value of any "bonus" commodities that the Agriculture Department may donate if excess federal commodity holdings permit (e.g., $70 million in FY2002).

c. Funds for research related to FNS programs are now largely appropriated to the Economic Research Service account; no specific figure is indicated for child nutrition activities.

d. The amounts shown for special projects include funding for a school meals initiative including "Team Nutrition" nutrition education and projects to improve food service and food safety (about $11 million in total). The figure for the Administration's request includes an additional $6 million for a study of eligibility certification errors in school meal programs, while the appropriations act figure includes a lesser amount ($5 million). Unlike earlier years, FY2004 amounts for special projects do not include a $200,000-a-year grant for an information clearinghouse; the permanent appropriation for this expired September 30, 2003.

f. Total *WIC program* figures include estimated spending for the *WIC farmers' market nutrition program* (shown in parentheses). It should be noted that the FY2004 totals shown for the Administration's request and the House bill differ only by the $1 million the House bill chose not to recommend for an obesity prevention project. The Senate bill amount differs from the Administration's request in that it reflects $10 million less spent on breastfeeding counselor projects and $5 million more spent on the farmers' market program. The figures for the WIC program effectively assume that, although the new WIC appropriation in these bills is *less* than the Administration requested for FY2004, total resources (including carryover funds and a contingency fund) will be sufficient to support the Administration's targeted spending level. WIC totals do *not* include what typically has been approximately $3.5 million for WIC research and evaluations now supported from the Economic Research Service appropriation. However, the Administration's request and the House bill include a total of $7 million for WIC research through the FNS (including $5 million for a special WIC evaluation project and a continuation of the $2 million for other WIC research through the FNS that was provided in FY2003). Spending figures assume $227 million will be carried from FY2003 to FY2004, and that $198 million (or $100 million under the House bill's assumptions) will be carried from FY2004 to FY2005. The figure for the Consolidated Appropriations Act includes: no new contingency funds, $25 million for a management information system support project, $15 million for a breastfeeding counselor project, and $4 million for an obesity prevention project.

FY2005 Funding

FY2005 Appropriations. The Administration's FY2005 budget asks for $11.381 billion for child nutrition programs and an additional $4.787 billion for the WIC program (not including $20 million requested for the WIC farmers' market nutrition program through a separate budget account). **Table 7A** compares these figures with FY2004 appropriations levels.

Administration Request. For FY2005, the Administration's requested appropriations level for the child nutrition budget account is slightly less than appropriated for FY2004, although *spending* is projected to increase (see later discussion of spending levels below and **Table 7B**). On the other hand, the amount requested for the WIC budget account is slightly higher than the FY2004 appropriation.

For the *child nutrition account*, the budget asks for a total appropriation of $11,380,557,000, some $37 million less than was appropriated for FY2004. This decrease, however, does *not* indicate reduced support for programs under the child nutrition account (e.g., the school meal programs). Because over $250 million in unused FY2004 funding and funding from other budget accounts is expected to be available to finance FY2005 expenses, the actual *spending level* supported by the $11.381 billion appropriation is estimated at more than $12 billion (see the discussion of spending levels below and **Table 7B**). The only new initiative proposed is a $4 million appropriation to help implement a system to improve the accuracy of eligibility determinations in school meal programs.[37]

For the *WIC account*, the budget requests a total appropriation of $4,787,250,000, a $175 million increase over the FY2004 appropriation. However, the FY2005 requested appropriation for the WIC account does not include any funding for the WIC farmers' market nutrition program, while the FY2004 appropriation incorporated $23 million for the farmers' market program. Instead, the FY2005 budget asks for $20 million for the farmers' market program in a *separate* budget account (the Commodity Assistance Program account). As a result, a more "correct" comparison of the two years' appropriations levels would show a $195 million increase — the $175 million proposed for the regular WIC program plus the separate $20 million for the farmers' market program.

In addition, the requested FY2005 appropriation for the WIC program includes a number of proposed set-asides for specific WIC-related activities: (1) $14 million for infrastructure grants to states (the same as FY2003 and FY2004), (2) $7.25 million for evaluations of the WIC program's effectiveness (no money was included for this in FY2004, but $2 million was provided in FY2003), (3) $400,000 for technical assistance (the same as provided in FY2003 and FY2004), (4) $20 million for assisting in upgrading state management information systems (down from $25 million in FY2004), (5) $20 million for a breastfeeding peer counselor project (up

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[37] This follows on a $5 million program integrity project funded in FY2004 and is supplemented by another $7 million requested for program integrity initiatives (including the Food Stamp program) in the budget for FNS administration.

from $15 million in FY2004), and (6) $5 million for continuation of childhood obesity prevention projects (up from $4 million in FY2004).

Table 7A. Child Nutrition & WIC Appropriations: FY2004 & FY2005

(in millions)

Annual appropriations account	FY 2004: Consolidated Appropriations Act (P.L. 108-199)	FY2005: Administration's Request
Child nutrition[a]	$ 11,417.4	$ 11,380.6
WIC[b]	4,611.9	4,787.2
Total	**$ 16,029.3**	**$ 16,167.8**

Notes: The figures presented in this table are *annual appropriation* amounts for these accounts. They are taken from the FY2005 Agriculture Department budget documents. These appropriations are substantially different than the total amount of federal money available — from all sources — to fund *spending* for child nutrition and WIC programs, shown in **Table 7B** (also see notes below).

a. Child nutrition figures do not include money for nutrition studies and surveys; they are covered under the budget account for the Economic Research Service or under appropriations to the Program Administration account. They also do not include: (1) money available from permanent appropriations — just over $400 million for commodities and the FSMI — and other budget accounts, (2) unused funding carried over from FY2004, and (3) money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on child nutrition activities).

b. The WIC figure for the Consolidated Appropriations Act has been adjusted downward by $27.4 million to account for the measure's directive for 0.59 percent across-the-board cut in appropriations for discretionary programs. WIC amounts include no contingency funding. Most funding for WIC-related research is not included; this is covered under the budget account for the Economic Research Service. Money appropriated for general federal administration of food assistance programs (an undifferentiated share of which is spent on WIC activities) also is not reflected in this table.

FY2005 Estimated Spending. **Table 7B** presents estimated *spending* levels under the Administration's FY2005 budget request, compared to the most *current* estimates of FY2004 spending (taken from the Administration's FY2005 budget submission).[38] The spending levels shown are funded from regular annual appropriations and other sources — unused funds carried over from the previous year, permanent appropriations, money from budget accounts other than the child nutrition and WIC accounts. Estimates indicate overall spending increasing from $16.40 billion in FY2004 to $16.85 billion in FY2005. The child nutrition spending rise is due primarily to inflation indexing of subsidies and enrollment and participation changes; the WIC increase derives from new appropriations made available.

[38] Note: FY2004 spending levels in **Table 7B** differ from those shown in **Table 6B**.

Table 7B. Estimated Child Nutrition & WIC Spending: FY2004 & FY2005

(in millions)

Programs/ Activities	FY2004: Estimated spending under the FY 2004 Consolidated Appropriations Act AS REVISED IN THE FY2005 BUDGET SUBMISSION	FY2005: Estimated spending under the Administration's request
School lunch[a]	$ 6,623.0	$6,786.5
School breakfast[a]	1,752.4	1,825.6
Child & adult care food[a]	1,989.8	2,064.7
Summer food service[a]	281.9	295.3
Special milk	14.1	14.9
Commodities[b]	850.9	879.1
State administrative expenses	140.0	148.2
Coordinated review effort	5.2	5.2
Food service management institute (FSMI)	3.0	3.0
Special projects[c]	16.0	15.0
Child nutrition total	**11,676.3**	**12,037.5**
WIC program[d]	4,728.3	4,814.0
(WIC farmers' market program)	*(26.6)*	*(20.0)*
Overall total	**$ 16,404.6**	**$ 16,851.5**

Notes: Care should be taken in using this table because, in some cases, it is not comparable with earlier tables in this report. Earlier tables include specific entries for nutrition education and training, homeless children nutrition programs, and nutrition studies and surveys. But no funding for nutrition education/training or nutrition studies/surveys has been provided (or requested) for a number of years, and the program for homeless children is now encompassed in the child and adult care food program.

The figures shown in this table are *spending* (obligation) amounts from documents accompanying the Administration's FY2005 budget. They differ from *annual appropriations* (shown in **Table 7A**) and, in the case of FY2004 spending, differ from figures shown in **Table 6B**. They include spending from previous-year carryover funds and permanent appropriations, as well as commodity assistance and other spending supported by separate Agriculture Department budget accounts. WIC figures reflect estimated spending assuming some unused money will be carried over from year to year (see note *d* below). The amounts shown also do not reflect most federal-only child nutrition and WIC-related administrative costs (about $65-$70 million a year), which are funded from a separate undifferentiated general food program administration account, or the value of "bonus" commodities.

a. Figures include cash assistance only, not the value of commodities or cash-in-lieu of commodities. For the *child and adult care food program* and the *summer food service program*, they include some of the funding for pilot projects expanding participation.

b. Includes cash subsidies provided in lieu of commodities (e.g., $83 million in FY2003), certain federal commodity donation administrative/distribution/computer spending (e.g., $9 million estimated for FY2004), some $400 million in commodities purchased for and donated at no charge to the child nutrition account in order to meet the commodity entitlements of schools and other providers. The overwhelming majority (more than 90%) of commodity assistance is for the *school lunch program*. Not shown is the value of any "bonus" commodities that the Agriculture Department may donate if excess federal commodity holdings permit (e.g., $100 million in FY2003).

c. The amounts shown for special projects include funding for a school meals initiative including "Team Nutrition" nutrition education and projects to improve food service and food safety (about $11 million in total). For FY2004, the figure incorporates $5 million for a child nutrition program integrity project; for FY2005, the figure includes an Administration request for $4 million to fund a project to improve the accuracy of school meal program eligibility determinations. Unlike earlier years, the amounts for special projects do not include a $200,000-a-year grant for an information clearinghouse; the permanent appropriation for this expired September 30, 2003.

d. Total *WIC program* figures include estimated spending for the *WIC farmers' market nutrition program* (shown in parentheses). However, it should be noted that, given historical spending patterns in the farmers' market program, the spending estimate shown for FY2004 is most probably about $2 million high, and the actual FY2005 figure is likely to be about $2 million higher (because unused FY2004 money can be tapped). The FY2004 figure for the WIC program effectively assumes that, although the new WIC appropriation is *less* than the Administration requested for FY2004, total resources (including carryover funds and a contingency fund) will be sufficient to support the Administration's targeted spending level. WIC totals do *not* include funds for WIC research and evaluations now supported from the Economic Research Service appropriation. Spending figures assume $133 million will be carried from FY2003 to FY2004, that $81 million will be carried from FY2004 to FY2005, and that $75 million will be carried from FY2005 to FY2006.