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**EXECUTIVE SUMMARY**

# Remarks from Secretary Vilsack and USDA Staff

- Presenters: **Tom Vilsack**, Secretary of Agriculture  
**Cindy Long**, Director, Child Nutrition Division, USDA  
**Cathie McCullough**, Director, Food Distribution Division, USDA  
**Melissa Rothstein**, Deputy Director, Child Nutrition Division, USDA  
**Dr. Janey Thornton**, SNS, Deputy Under Secretary, Food, Nutrition and Consumer Services, USDA

## Overview

America's children will be competing for jobs on a global level. The competitiveness of the U.S. education system and the link between academic achievement and national security have been central to the policy debate on education. Ensuring that students are well fed and prepared for the school day must be part of the conversation.

The Healthy, Hunger-Free Kids Act of 2010, P.L. 111-296, (the Act) is a step in the right direction. It will allow schools to improve the nutrition environment, reduce unrelated expenses, increase reimbursement rates, and make other important changes to school nutrition programs.

The USDA will support school districts in implementing the Act, with grants, resources, and creative solutions for providing healthy school meals on a limited budget. The USDA has issued a proposed rule for implementing changes to the school breakfast and lunch meal pattern. SNA members are strongly encouraged to formally submit comments on the proposed rule.

Expanding access to the school meal program is an important element of the new law. The Act offers several new ways to provide access to the program through direct certification.

## Context

Secretary Vilsack spoke of the importance that school meals play in preparing children to learn at school. Members of the USDA staff clarified and provided guidance on specific aspects of the Healthy, Hunger-Free Kids Act of 2010.

## Key Conclusions

- Ensuring that kids are well fed is critical to achieving educational excellence.**

U.S. children face fierce competition for future jobs. In the past, the competition for jobs was local or regional within the United States; now it is global, as children in the United States will be competing for jobs with children in China, India, and elsewhere.

This competitive reality has made education a central national issue. It is critical that policy discussions about education take

into account the fact that raising well-educated children is not possible if they are not well fed.

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*"It is important and relevant to our national security that our youngsters are well educated, and they cannot be well educated unless they are well fed."*

—Secretary Vilsack

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- The Healthy, Hunger-Free Kids Act of 2010 will be implemented in a thoughtful, flexible way.**

Secretary Vilsack expressed his gratitude to School Nutrition Association (SNA) members for their work in helping get the Act passed by Congress and for the positive role that SNA members play each day in the lives of kids. The USDA hopes to implement the new law in a thoughtful, flexible way, with input from SNA members.

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*"We are going to continue to work with you and continue to listen as we implement this piece of legislation."*

—Secretary Vilsack

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It is important to view school nutrition not just as the time when children eat, but as an educational opportunity to teach children lifelong lessons about nutrition and positive eating habits.

Among the Act's key provisions is the establishment of nutrition standards for all foods sold in schools throughout the day. These standards will be established by regulations in the coming months.

Secretary Vilsack highlighted some of the ways that the USDA will support implementation of the new law:

- *Quick implementation.* While the implementation of new legislation often proceeds slowly, Secretary Vilsack is pushing the USDA to implement this legislation as quickly as possible.
- *Non-competitive grants.* The HealthierUS School Challenge plays an important role in conjunction with First Lady Michelle Obama's Let's Move! initiative. To help states, the USDA has set aside \$5.5 million for non-competitive grants

of up to \$50,000 per state to assist schools in understanding how they can qualify as a HealthierUS School.

- *Competitive grant process.* Under this program, states can qualify for funds and schools can receive monetary rewards when they qualify as a HealthierUS School. The goal is to have 1,250 schools across the country qualify.
  - *Recipes for Healthy Kids.* Creative approaches to providing healthy meals for students will be supported. One example is a recipe contest to create healthy meals, with low budgets, that kids will eat. About 340 recipes were submitted from across the country and 15 semi-finalists have been selected. More information can be found at [www.recipesforkidschallenge.com](http://www.recipesforkidschallenge.com).
- **Proposed rule on new meal standards is open for comment.**

In January 2011, the USDA issued a proposed rule to update the meal pattern for the National School Lunch Program and School Breakfast Program. The proposed rule is heavily based on the Institute of Medicine's recommendations, which include offering whole grains and larger servings of fruits and vegetables; requiring schools to serve legumes, dark green and orange vegetables every week; and mandating a food-based approach to meal planning. The Act now requires that meal standards must be based on the most recent version of the Dietary Guidelines for Americans.

The proposed rule is open for comment for 90 days, through April 13, 2011. SNA members are strongly encouraged to officially comment on the proposed rule by submitting comments through [www.regulations.gov](http://www.regulations.gov). The final rule is expected to be published early in 2012 and in effect by July 2012 for the start of the 2012/13 school year. (However, this implementation date is open for comment).

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*"Coming here and sharing your thoughts with us is wonderful and helpful, but you need to actually take the time to officially comment [on the proposed rule]."*

—Cindy Long

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USDA staff clarified several elements of the new law:

- *Additional meal reimbursement.* School districts that comply with the revised nutrition standards for the National School Lunch and Breakfast Program will receive an additional \$.06 per lunch in reimbursement. According to the Act, the \$.06 reimbursement must be available no later than October 2012, which is the start of fiscal year 2013, or when the final rule is published. This reimbursement is tied to meeting the new meal standards. Changes in oversight and

compliance within states and school districts will be necessary for the increased reimbursement, including identifying and certifying school districts that are eligible for the funds. Reviews will occur on a three-year cycle.

- *Competitive foods.* The Act provides the USDA with the authority to set standards for competitive foods, which are foods sold outside of the National School Lunch Program. Recommendations from the IOM and current competitive food standards at the state and local level will be considered when defining the proposal. This proposal must be issued by December 2011. Final rules will follow within 12 to 18 months.
  - *Section 205.* This section deals with the revenue associated with paid meals. It requires schools to compare paid prices against benchmarks and make gradual modifications to the paid price to ensure that prices are in line with reimbursement. USDA said that it is intended to bring in additional money at the local level to support high-quality meals. A related proposal addresses competitive foods, making sure that the revenue is appropriate relative to cost.
- **A goal of the Healthy, Hunger-Free Kids Act of 2010 is increased access to the National School Lunch and Breakfast Programs.**

Expanding access is an important element of the Healthy, Hunger-Free Kids Act. The law offers new ways to provide access through direct certification for kids in foster care and those in other eligible child care environments.

- *Incentives.* The USDA will provide financial rewards or bonuses for states that show measurable improvement in directly certifying kids for free lunches. States that do not meet direct certification benchmarks will receive assistance from the USDA to develop continuous improvement plans.
- *Medicaid.* The USDA has an opportunity to do a demonstration project using Medicaid as a source for direct certification information. Efforts will be rolled out to several sites over the next few years, giving the USDA the ability to test how direct certification with Medicaid might assist in bringing more kids into the program. Direct certification through Medicaid will be different than with the Supplemental Nutrition Assistance Program (SNAP). A child or family on SNAP is automatically eligible for school meals. Since Medicaid families are not automatically eligible for school meals, Medicaid information can be used to identify children who would be eligible for school meals based on family income.
- *Universal feeding programs.* The new law has provisions and adds options that improve access to school meals by making the universal feeding program more available. One



option is to use direct certification information to allow low-income school districts to claim meals for all students based on this data. This program will be rolled out in a few states, and eventually be nationwide.

—*Census data.* U.S. Census data is also being considered as a possible source for claiming information. The USDA is working with the National Academy of Sciences on this effort and expects to get recommendations from them. Once the study is done, the law allows the USDA to act on the rec-

ommendations by making some options available or trial testing some of the other options.

—*Socioeconomic survey.* Using a socioeconomic survey at the district level as a source of claiming information for universal programs is also under review. This is currently being tested in three school districts.

## USDA Listening Session

### Overview

School Nutrition Association (SNA) members are front and center at a pivotal time. Passage of P.L. 111-296, the Healthy, Hunger-Free Kids Act of 2010, (the Act), coupled with increased attention on children's health and nutrition, is a real opportunity for SNA members to influence the debate on the school nutrition program.

Capitol Hill visits by SNA members are an important part of advocacy, but these visits must be followed up with continued dialog at the local level. In addition, it is extremely important that SNA members provide input on the proposed rule issued by the USDA as it develops the final rules for implementing the Act.

This listening session with senior USDA staff provided SNA members an opportunity to share their feedback, express concerns, and offer suggestions about how the Act can best be implemented.

### Context

In this listening session, more than 40 SNA members offered comments to USDA staff about aspects of the proposed rule related to the Healthy, Hunger-Free Kids Act of 2010 (the Act). USDA staff strongly encouraged SNA members to formally submit their comments through [www.regulations.gov](http://www.regulations.gov).

### Key Conclusions

- **The increased focus on child health and nutrition provides an opportunity for SNA to take the lead in improving school nutrition programs.**

SNA has long advocated for child nutrition in schools, and supports the goals of the Healthy, Hunger-Free Kids Act, which seeks to improve the nutritional environment for children.

The passage of the Act provides a great opportunity for SNA and the USDA to share ideas and work together to improve the National School Lunch and Breakfast Programs. Partnering by SNA members with all levels of government—federal, state, and local—will be an essential part of implementing the new regulations.

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*"Never before can I remember this much attention being put on our programs, and on the importance of good nutrition for kids."*

— Dr. Janey Thornton

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- **SNA members had positive meetings on Capitol Hill.**

LAC provides SNA members a tremendous opportunity to educate members of Congress and their staff about school nutrition, to convey SNA's priorities, and to ask for policymakers' support.

In reporting back about their conversations on Capitol Hill, SNA members conveyed that they focused on the following issues included in the 2011 Legislative Issue Paper:

- *Equity in school lunch pricing.* Some members suggested testing Section 205 of the Act with a pilot in a limited number of schools before it becomes national policy.
- *Indirect costs.* Members are concerned about indirect costs. They want to ensure that only those expenses "necessary to provide meals under the Act" are paid from the school foodservice account.
- *Breakfast commodities.* As a part of the next Farm Bill, members are seeking \$.10 in commodities for breakfast.
- *Foodservice management companies.* Members support giving USDA the authority, in coordination with the states, to review and monitor compliance of all bids and contracts between local school districts and for-profit foodservice management companies. Also mentioned was developing a standard contract that can be used between local school districts and foodservice management companies.

Energized by their Hill meetings, SNA members reported mostly positive feedback, with some in Congress more open to supporting SNA initiatives than others. Some policymakers cautioned that budget negotiations may lead to cuts across all government programs, including entitlement programs. They conveyed that increased funding for school nutrition programs in the current environment is unlikely.

- **SNA members offered wide-ranging comments about the proposed rules for the Healthy, Hunger-Free Kids Act.**

SNA members were invited to share comments with USDA staff about the proposed rule, and more than 40 members did so. Among the many comments:

### Thanks

Several SNA members thanked the USDA for its work, for the resources that are provided, and for coming to LAC and listening to the views of SNA members. For years many SNA members expressed a desire for national nutrition standards, and USDA has provided support in making that happen. There was agreement



that SNA and USDA share the same objective of putting healthy, well-fed children in classrooms.

In addition, several participants shared positive comments about the recipe program as well as behavioral changes seen among children where there have been programs to expose children to fruits and vegetables.

### Concerns

SNA members expressed the following concerns about the proposed meal standards.

- *Have perspective regarding the IOM's recommendations.* It makes sense to consider the perspective of the Institute of Medicine. However, there are smart, experienced, well-educated people in SNA who know as much as the IOM and who have lived in the world of school foodservice for years. USDA should not simply accept all of the comments from the IOM because it is the IOM; the IOM should just be one voice and the voice of SNA should be taken seriously.
- *Need to pilot the new meal pattern.* While there is much data and experience surrounding the nutrient-based approach, there has been no testing of IOM's food-based approach. A pilot of this approach was recommended.
- *Administrative concerns.* The requirement for a second-tier review of benefit applications could delay access for some children into the program. Also, increased frequency of administrative reviews from every five years to every three years creates an additional administrative cost. Money spent to comply with these reviews could be better spent by districts on training and other needs.
- *Funding for breakfast.* More funds are needed to cover the costs of the School Breakfast Program.
- *Disparity in funding.* States that are doing well with direct certification receive bonuses, yet states that are working hard to improve their systems are the ones that need the financial help. (USDA staff pointed out that it is true that, by law, some of the direct certification bonuses go to the best-performing states. But in last year's appropriation, funds were made available to help states improve their direct certification systems.)
- *Fruits and vegetables.* Several questions were asked and comments were made regarding fruits and vegetables:
  - There is some confusion about the portion sizes.

- The portion size requirements seem to be "one size fits all." These will lead to waste.
  - Children who are not familiar with certain fruits or vegetables should be given smaller portions so they can try, and learn to like, these items. Giving them a large portion doesn't make sense.
  - How will salad bars meet the portion requirement for fruits and vegetables? (USDA staff commented that there are food-based programs that are successfully utilizing salad bars.)
  - Green peas are limited as a starchy vegetable to one cup a week, yet dried peas are on the list of legumes. There is confusion around peas.
  - For some districts, the requirement to provide one cup of fruit will increase the costs and limit the ability to continue providing the School Breakfast Program.
  - The impact on diabetic students needs to be addressed, as they cannot eat the same items or portions as other students.
- *Sodium requirements.* Achieving the sodium requirement is seen as challenging. Suggestions: a less aggressive timeline and consideration of naturally occurring sodium.
  - *Meat alternatives.* Better guidance is needed on meat alternatives.
  - *Rising prices.* The outcome of the Act is that paid meal prices will rise, especially if income from a la carte items can't be counted. A decrease in participation is possible.
  - *USDA surpluses.* Under the new program there will be less use of potatoes, corn, and cheese, which will cause surpluses of these items for the USDA. (USDA responded that surpluses will be provided to food banks, but it is anticipated that the supplies produced will be reduced to be consistent with the quantities demanded.)

### Suggestions

SNA members offered the following suggestions to USDA staff:

- *Offer versus serve.* The philosophy and standards of the USDA should be based on sound evidence. Forcing kids to eat certain foods is completely contrary to the best science. In terms of *offering* fruits or vegetables versus *serv-ing* them, the USDA should consider the evidence and research that exists on feeding dynamics; in particular, the research findings of Ellyn Satter, who has documented the importance of allowing kids to determine what and

how much they eat. Any confusion on this results in dysfunctional eating habits. The California legislature considered this evidence in establishing the California Fresh Start Program. This voluntary program offers districts an extra \$.10 for breakfast if servings of fruit and vegetables are included. This is one of the most popular programs in the state's history.

- *Get student input.* Since students will be the ones eating the food that is prepared and served, the USDA should get input from students.
- *Nutrient standards related to starches.* Instead of having a restriction on a particular food, consider how the food is made/prepared. For example, potatoes aren't necessarily bad; a baked potato or mashed potatoes may be a healthier alternative to fried potatoes.
- *Use of commodity funds for bakery goods.* A cost in the new meal standards is whole grains. Districts should be able to use some percentage of their commodity entitlement funds to purchase whole grain products from local bakeries. (USDA replied that only about 15–20% of federal funds for the NSLP are commodity entitlements. These USDA Foods have to run through state networks. The other 85% is provided in cash reimbursement.)
- *Section 205.* Delay the implementation of Section 205 and pilot it instead to see what impact it will have on participation.
- *Perspective of industry members.* To ensure that their concerns are heard, industry members are sharing their perspectives with the USDA. It would be beneficial if these industry concerns are also shared with SNA operators.
- *Ingredients in bread.* It was suggested that the requirement for 14.75 grams of flour in bread is adequate.

#### Other

- *Align food stamp standards.* It seems the standards for what schools can serve will be higher than the standards for what can be purchased with food stamps. This seems inconsistent.
- *HealthierUS Home Challenge.* While making schools healthier is important, the USDA should also consider a challenge focused on making US homes healthier. Perhaps this could be accompanied by a tax break for families that teach their kids how to eat healthier.

- *Commitment to small business.* President Obama has repeatedly expressed his commitment for small business. USDA should look into providing small business programs for small processors doing business in the child nutrition community.
- *Hunger summit.* A hunger summit should be organized to focus on the topic of eliminating hunger.
- *Additional information.* Cornell University has two websites dedicated to good child nutrition. [www.smarterlunchrooms.org](http://www.smarterlunchrooms.org) and [www.ben.cornell.edu](http://www.ben.cornell.edu).

#### USDA Perspective

USDA staff made the following comments:

- *Compliance and receipt of reimbursement.* Once the proposed rules are finalized, the new meal standards will become program requirements. Those districts that are not in compliance with the standards will not receive reimbursement.
- *Competitive foods.* Revenue from competitive foods, such as a la carte, can't be counted toward nonfederal funds.
- *Wellness policies.* USDA provides the framework, in accordance with the law, for what the components of wellness policies need to be. But fundamentally, wellness policies remain local, developed by individual districts.
- *Partnering.* To improve the health of our country, schools can't be the only place where healthy eating occurs. With this in mind, USDA is working to partner with the restaurant association, chambers of commerce, and local communities to focus on issues such as portion sizes.
- *Nutrient monitoring.* The food-based approach is simpler and therefore doesn't require nutrient monitoring.
- *Water requirement.* There will be multiple ways to comply with the water requirement. More information will be coming out soon.
- *Compliance monitoring.* USDA will set the policies and guidelines, but the states will have primary responsibility for monitoring compliance.
- *Access for foster children.* In the past, foster children were categorized as a household of one. Now, foster families can include the foster child on their application and have them added as an additional household member. The foster child will automatically be certified for free meals.



- *Indirect expenses.* The USDA recognizes that indirect expenses are an important issue and plans on providing direction on this in June 2011.
- *Defining meal costs.* In May, the USDA will provide guidance on whether average meal costs will be defined by class, category, or weighted average.

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