



# SNA 2015 Position Paper

## Talking Points

### 1. Increase the per meal reimbursement for school breakfast and lunch by 35 cents to ensure School Food Authorities (SFAs) can afford to meet federal requirements.

- Since passage of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA), new regulations and rising food and labor costs have drastically increased the cost of preparing school meals.
- This threatens the financial sustainability of meal programs and limits their ability to invest in further menu improvements.
- Meal programs are prohibited from carrying losses over from one school year to the next. When these programs can't cover their costs, school districts must pick up the tab, to the detriment of all students.
- USDA estimates the new standards will cost school districts \$1.2 billion in additional food and labor expenses in Fiscal Year 2015 alone.
- As a result, more than half of school meal program operators anticipate their program expenses will exceed revenue this school year, according to a recent SNA survey.
  - Only 18% anticipate their programs will break even, while 29% are unsure.
  - This financial crisis is likely to deepen. 92% of respondents reported that rising costs pose a "serious" or "moderate" challenge to their programs, with 70% indicating "serious."
- Declining student lunch participation adds to the financial pressure on school meal programs by reducing revenue when costs are rising.
  - USDA data shows student lunch participation is down by 1.4 million per day since 2012, when the new standards took effect.
  - In SNA's survey, 75% of school nutrition operators reported that decreased lunch participation is a "serious" or "moderate" challenge for their programs, with 52% indicating "serious."
  - The Government Accountability Office affirmed that the new standards influenced this decline in participation.
- When Congress drafted the HHFKA, SNA requested a 35 cent per meal increase in the federal reimbursement to help cover the cost of preparing and serving school meals.
- Congress provided an additional six cents for lunch, but no additional reimbursement for breakfast, leaving many school meal programs financially compromised.
- Congress must increase the federal reimbursement rates so schools can afford to meet the new regulations.

- Prior to implementation of any new legislation and regulations, Congress should provide full funding to cover all related costs identified through economic analysis.
- A 35 cent increase in the reimbursement rate would cost \$2.5 billion annually, based on the number of meals served in FY 2014.

**2. Maintain the Target 1 sodium level reductions and suspend implementation of further targets.**

- Schools made significant sodium reductions to meet Target 1, effective July 2014.
- Before advancing to Target 2, the Institute of Medicine recommended assessing the impact of Target 1 and warned that **“reducing the sodium content of school meals as specified and in a way that is well accepted by students will present major challenges and may not be possible.”** (*School Meals: Building Blocks for Healthy Children*)
- Naturally occurring sodium present in milk, meats and other foods will force schools to take nutritious choices off the menu, and drive more students away from healthy school meals.
  - For instance, a small turkey wrap, prepared with USDA Foods and served with milk and low sodium green beans, exceeds Target 2 sodium limits.
- Studies have shown school meals are more nutritious than packed lunches or lunches purchased from fast food restaurants.
- Despite these benefits, student lunch participation is down by 1.4 million per day since 2012, when the new standards took effect.
- The Government Accountability Office affirmed that the new standards influenced this decline in participation.
- GAO also warned that forthcoming limits on sodium would remain problematic with cost and product availability making sodium targets difficult for many schools to implement.
- The health benefits to students choosing nutritious school lunches within Target 1 sodium limits is clear.
- Additional sodium reductions, at the risk of decreasing student participation, are not merited based on the inconclusive evidence on the benefits of sodium reduction for children.

**National School Lunch Program Sodium Reduction Targets**

Grades	Target 1 (July 1, 2014)	Target 2 (July 1, 2017)	Final Target (July 1, 2022)
K-5:	≤1,230	≤935	≤640
6-8:	≤1,360	≤1,035	≤710
9-12:	≤1,420	≤1,080	≤740

**3. Grant individual SFAs the authority to decide whether students are required to take a fruit or vegetable as part of a reimbursable meal.**

- SNA supports *offering* a greater variety and quantity of fruits and vegetables; however, some students do not want a fruit or vegetable with every single meal.
- The requirement that a student *must take* a ½ cup with every breakfast and lunch has increased waste and costs, leaving schools with less funding to invest in more expensive and appealing produce choices such as fresh berries, sliced melon and kiwi.
- Researchers from Cornell and Brigham Young universities found that requiring students to take a fruit or vegetable with every meal increased waste by 100%
  - As a result, an estimated \$684 million of fruits and vegetables is thrown in the trash each school year.
- In a recent SNA survey, 81% of school nutrition professionals reported an increase in the amount of food being thrown away by students at lunch since implementation of the new meal pattern requirements.
  - Vegetables were identified as the meal component that was most frequently causing the increase in plate waste.
  - In a subsequent SNA survey, 63% of school nutrition operators indicated “Increased plate/food waste” was a “serious” challenge for their programs.
- SFAs know best whether this mandate has been beneficial or detrimental and should be allowed to decide whether students must take a fruit or vegetable with every meal.

**4. Restore the initial requirement that at least half of grains offered through school lunch and breakfast programs be whole grain rich.**

- SNA supports the July 2012 requirement that half of all grains offered with school meals be whole grain rich.
- However, the 2014 mandate that *all* grains must be whole grain rich has increased waste and contributed to the decline in student lunch participation.
- Students are eating more whole grain breads and buns, but some schools are struggling to find acceptable specialty whole grain items.
  - Challenges include limited availability of whole grain rich foods, higher costs and regional preferences for certain refined grains such as bagels or biscuits.
  - In a recent SNA survey, more than 60% of school nutrition directors anticipated the 2014 whole grain mandate would increase meal costs and present procurement challenges for the 2014-15 school year.
- Schools should be permitted to serve white rice or tortillas on occasion, just like most families do.
- Restoring the requirement that half of all grains offered be whole grain rich will ensure students continue to receive a variety of whole grain choices in school, while limiting waste.

**5. Allow all food items that are permitted to be served as part of a reimbursable meal to be sold at any time as an a la carte item.**

- The *Smart Snacks in School* rule forced schools to take many healthy school meal options off a la carte menus, unnecessarily limiting student choices and reducing revenue for school meal programs.
- School meal standards gradually phase in sodium reductions over 10 years, but *Smart Snacks* rules do not, forcing competitive foods to meet excessively low sodium limits.
  - For instance, a 2 oz. eq. of USDA’s reduced sodium ham – without bread, cheese or condiments – nearly surpasses the sodium limit for entrees ( $\leq 480$  mg).
  - One cup of low sodium peas exceeds the limit for sides ( $\leq 230$  mg or  $\leq 200$ mg by July 2016).
  - Even salads have taken a hit as the sodium in low fat dressing often exceeds limits.
- In a recent SNA survey, 74% of school nutrition operators reported that *Smart Snacks* rules are a “serious” or “moderate” challenge for their school meal programs, with 42% indicating “serious.”
- Allowing foods that meet nutrition standards for school meals to be sold as daily competitive food choices can help preserve the financial stability of school meal programs and ensure students can choose from a variety of healthy choices in the cafeteria.

**6. Modify Section 205, Paid Lunch Equity of the Healthy, Hunger-Free Kids Act, by exempting SFAs that had a positive fund balance at the end of the previous school year.**

- School meal prices, just like restaurant prices, differ from one community to the next, as schools must take into account local food and labor costs and what families are able and willing to pay.
- Section 205 required many SFAs to increase their paid meal prices regardless of these local conditions.
- SNA’s 2014 State of School Nutrition Survey revealed that Paid Lunch Equity requirements are the primary driving force behind meal price increases.
  - Results indicate 88% of those who increased full paid lunch prices in 2012/13 attributed the increase to the Paid Lunch Equity provision.
- When school meal prices increase, even gradually, student lunch participation declines.
- In a subsequent SNA survey, more than half (58%) of school nutrition operators reported that paid lunch equity requirements are a “serious” or “moderate” challenge for their programs.
- The Government Accountability Office (GAO) found that Paid Lunch Equity mandated price increases “are another change that state and SFA officials believe likely influenced lunch participation.”
  - GAO cited SFA officials stating that these price increases, timed with implementation of new nutrition standards, “led some students to stop buying school lunches because they felt they were being asked to pay more for less food.”

- GAO also cited concerns that the resulting participation declines could “hinder the program’s ability to improve the diet and overall health of all schoolchildren and potentially increase stigma in the cafeteria for low-income students.”
- Recognizing problems with the Paid Lunch Equity requirement, USDA offered a temporary exemption to the rule for SFAs in strong financial standing.

## **7. Provide program simplification.**

- Congress should permanently narrow Section 205 to apply only to SFAs with a negative fund balance.
- As Congress drafts and USDA implements 2015 Child Nutrition Reauthorization, prompt action must be taken to simplify child nutrition programs and ease administrative burdens on SFAs and State Agencies.
- The overwhelming complexity of program regulations and administrative requirements is unnecessarily hindering efforts to better serve students.
- For example, in its analysis of the implementation of the new nutrition standards, the Government Accountability Office (GAO) found:

*“In the 18 months from January 2012 -- the month in which the final rule on the changes to the lunch content and nutrition standards was issued -- through the end of school year 2012-2013, USDA issued 1,800 pages of guidance on these changes.”*

- GAO’s national survey revealed that “almost two-thirds of states” reported that “changes USDA made to its guidance on the lunch requirements were a very great challenge or extreme challenge...guidance changes were difficult to keep up with and led to increased confusion about the requirements.”