

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Agriculture Committee

BILL: SB 1312

INTRODUCER: Senator Siplin

SUBJECT: School Nutrition Programs

DATE: March 25, 2011

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Akhavein	Spalla	AG	Pre-meeting
2.	_____	_____	ED	_____
3.	_____	_____	BC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill creates the “Healthy Schools for Healthy Lives Act.” It provides for a type two transfer of the administration of school food and nutrition programs from the Department of Education (DOE) to the Department of Agriculture and Consumer Services (DACS). It provides for the administration of the United States Department of Agriculture child food and nutrition programs by DACS.

This bill substantially amends section 1003.453 of the Florida Statutes.

This bill substantially amends, transfers and renumbers:

- s. 1006.06, F.S., to s. 570.981, F.S.
- s. 1006.0606, F.S., to s. 570.982, F.S.
- s. 1010.77, F.S., to s. 570.983, F.S.

This bill creates section 570.98 of the Florida Statutes.

II. Present Situation:

There is a direct correlation between good nutrition and student development and learning. Due to this relationship, both the federal and state governments have adopted policies for local school districts to operate school nutrition programs.¹ Federal regulations implementing the Richard B. Russell National School Lunch Act (7 C.F.R. § 210.3(b)) provide for the programs to be

¹ The National School Lunch Act, as amended (42 U.S.C. 1751-1769), and the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773) and s. 1006.06, F.S.

administered by a state's educational agency. This is the case in all but two of the 50 states. In Florida, DOE and DACS have roles in administering school food and nutrition programs. As such, Florida's school food and nutrition programs are spread across DOE and DACS, creating challenges, inconsistencies and inefficiencies. For instance, the School Lunch, Breakfast, and Summer Programs are administered by DOE, while the commodity Food Distribution, Disaster Feeding, and EFAP are managed by DACS. The Healthy Schools for Healthy Lives Act will consolidate school food and nutrition programs under one state agency.

The Commissioner of Agriculture feels that DACS is the most experienced and best positioned to manage Florida's school food and nutrition programs. It is the Commissioner's position that the transfer will foster increased coordination between Florida farmers and the school programs that provide food for Florida's children. With its year-round growing season, the state of Florida is uniquely capable to serve produce during the school year. DACS can connect schools with nearby farms, enabling the schools to tap into the abundance of nutritious and wholesome foods that Florida has to offer and serve locally-grown fresh fruits and vegetables at school meals. The Commissioner of Agriculture also believes that DACS can apply its expertise and capabilities to help instill a value and appreciation for fresh and nutritious foods in students, leading to a lifetime of healthy eating habits. Through existing programs in DACS' Marketing Division, like Fresh From Florida Kids and Xtreme Cuisine, DACS currently works to educate families and children about healthy eating. Combining these efforts with the programs currently at DOE will enable schools to more effectively reach Florida's students with the valuable lessons and practices of healthy eating. DACS also has a culinary program, led by a certified executive chef, which can develop and offer nutritious recipes with "kid appeal" to serve in cafeterias and classrooms. The culinary staff can share proven techniques with school foodservice assistants.

Further, the Commissioner of Agriculture believes that moving school food and nutrition programs to DACS will not only allow for increased coordination, but will also create efficiencies. DACS has stated that it can absorb some of the programs' administrative needs and bring other services in house, which should yield about \$400,000 in savings annually. Additional savings can be realized from DACS' relationship with the agriculture industry. For example, with access to Florida's farmers, agribusinesses and agricultural market data, DACS can help the programs save in the areas of food, training and distribution. In addition, DACS' food recovery initiatives identify Florida produce that can be distributed to the needy at a reduced cost. Methods from these initiatives may be applied to provide more nutritious and wholesome foods to schools at a reduced cost.

Below is a description of the state-level organizational placement of school nutrition programs administered by DOE and DACS.

Florida Department of Education:

The DOE is responsible for the administration, review, and evaluation of seven United States Department of Agriculture (USDA) funded child nutrition programs. During the 2009-10 fiscal year, the following programs generated \$745 million in reimbursements to program sponsors, which include all of Florida's 67 public school districts, 78 charter schools, 3 university schools, 49 private schools, and 49 residential facilities.

National School Lunch, School Breakfast, and After School Snack Programs – \$718.6 Million in Reimbursements

The National School Lunch Program (NSLP) and School Breakfast Program (SBP) provide non-profit school lunch programs with reimbursement for nutritious meals served to school children. Participating schools may also receive USDA commodity food through an agreement with DACS. Section 1006.06, F.S., requires Florida public school districts to offer the breakfast program in all elementary public schools. Reimbursement is based on student income eligibility.

The After School Snack Program (ASSP) provides a snack to students who are served in an afterschool educational or enrichment program that is provided at the end of the school day. The school district must operate the NSLP before ASSP can be offered.

Special Milk Program – \$31,295 in Reimbursements

The Special Milk Program (SMP) provides milk to children in schools, child care institutions and eligible camps that do not participate in other federal child nutrition meal service programs. The program reimburses schools and institutions for the milk they serve. Schools in the NSLP or SBP may also participate in the SMP to provide milk to children in half-day pre-kindergarten and kindergarten programs through which children do not have access to the school meal programs.

Summer Food Service Program – \$22.7 Million in Reimbursements

The Summer Food Service Program (SFSP) provides reimbursement for sponsors to serve free meals to all children at participating sites located in areas of low-income children during the summer months when schools are closed. The reimbursement rates for the SFSP are slightly higher than the National School Lunch Program. Children who are 18 years of age or younger, or over 18 when determined to be mentally or physically handicapped, are eligible for the program. Sponsors of this program include school districts, community-based organizations, and county governments.

Seamless Summer Option – \$1.8 Million in Reimbursements

School districts participating in the NSLP or SBP are eligible to apply for the Seamless Summer Option (SSO) to serve free meals to low-income children, 18 years old and under. This option reduces paperwork and administrative burdens, and reimbursement rates are the same as with NSLP and SBP. Sponsors of this program are school districts.

Fresh Fruit and Vegetable Program – \$2.7 Million in Reimbursements

The Fresh Fruit and Vegetable Program (FFVP) provides all children in participating schools with a variety of free fresh fruits and vegetables outside of the breakfast and lunch service. It is an effective and creative way of introducing fresh fruits and vegetables as healthy snack options. In 2010-11, the FFVP operates in 26 districts and 133 schools throughout Florida. The allocation for each school is between \$50 and \$75 per student. National allocations have not yet been released, but Florida anticipates receiving approximately \$6 million for the 2011-2012 FFVP. Unlike the other child nutrition programs which are reimbursed by meals served, FFVP sponsors

are reimbursed for operating and administrative costs in addition to the funds received for the purchase of fruits and vegetables.

DOE Administration of Child Nutrition Programs

The DOE employs 45 staff with an administrative budget of \$6,461,745 for the 2010-11 fiscal year to administer the school and child nutrition programs for the following sponsors:

- 248 NSLP sponsors, including 3,578 breakfast sites, 3,651 lunch sites, and 1,655 snack sites;
- 135 SFSP and SSO sponsors;
- 18 SMP sponsors; and
- 133 elementary schools that are participating in the 2010-2011 Fresh Fruit and Vegetable Program.

Administrative services provided by the DOE include:

- Operating and maintaining a web-based computer application to process \$745 million of claims reimbursements, sponsor applications, administrative program reviews, and federal reports.
- Providing sponsor training and technical assistance in child nutrition, food safety, and administrative services for all sponsors.
- Conducting on-site monitoring and administrative reviews of program administration and meal services for all sponsors.
- Evaluating and providing nutrient analysis of breakfast and lunch menus for all sponsors.
- Providing outreach throughout the state to attract potential sponsors for the SFSP and increase participation in the breakfast program.

To provide the services listed above in an efficient and effective manner, DOE works with the Florida Atlantic University to administer two grants: (1) \$700,000 to deliver on-site training in a variety of areas, including producing and maintaining appropriate food service records, food preparation and safety, preparing and serving fresh fruits and vegetables, and the production of training videos; and (2) \$900,000 to observe and evaluate the scope of difficulties related to compliance, provide technical assistance to individual sponsors, provide technical assistance to companies that contract to deliver food products and services, assist sponsors with completing paperwork and taking the steps necessary to achieve and maintain regulatory compliance related to Provision 2 (program in schools with a high proportion of students who are eligible for free and reduced-price meals that allows all students to receive free meals), and the maintenance and technical support of DOE's "FUNDamental" financial software; which is used to measure critical indicators of the financial effectiveness of a sponsor's child nutrition program.

Alliances and Initiatives

The DOE established the Farm to School (F2S) Alliance to combat childhood obesity and meet the HealthierUS School Challenge criteria, which is a statewide training initiative for school food service professionals on how to prepare and serve meals that comply with the 2005 Dietary Guidelines for Americans. DOE coordinates F2S training, serves as the lead on the National F2S Network Regional Steering Committee, and commits staff time to the HealthierUS School

Challenge and First Lady Michelle Obama's Let's Move Campaign. In January of 2011, an F2S Alliance meeting was held to "Build a Framework" for Florida F2S Programs. The Florida-Grown School Lunch Week is being planned for October 2011, to highlight products grown in Florida.

The F2S Alliance meetings have been attended by representatives from the United States Department of Agriculture, Farm Bureau, University of Florida Extension Offices, Florida Agriculture in the Classroom, Florida Fruit and Vegetable Association, Florida School Nutrition Association, R.C. Hatton Farms, U.S. Foodservice Food Distribution, Florida Action for Healthy Kids, Florida Dairy Council, Sustainable Agriculture Research and Education, Whole Foods, and organic growers.

The DOE provides outreach, guidance, and information to approximately 800 small farmers, their families, and the communities they serve about how to become involved and form business relationships with schools. DOE has garnered support from R.C. Hatton Farms, one of Florida's larger farmers, to assist with bringing smaller farmers into the discussion regarding food safety and distribution of their products.

The DOE provides guidance and training to Florida school food service directors, their staff, and parent-teacher organizations about the benefits of using locally grown products, procurement of local produce, and the use of local products in the NSLP to meet the HealthierUS School Challenge menu criteria. For the past three years, FNM has conducted presentations at the Florida School Nutrition Association Conference on procurement, distribution, and applications of food safety principles associated with local farm-grown produce.

The DOE actively supports interagency participation and coordination with the USDA, Florida Department of Health, Florida Department of Children and Families, Florida Coordinated School Health Partnership, Coordinated School Health Initiatives, the Florida Food and Nutrition Advisory Council, and various other entities.

Integration into the Curriculum and Classroom

Nutrition education is provided through collaboration with the Office of Healthy Schools (OHS) within DOE. DOE's school food and nutrition programs partner with the OHS to assess and respond to the nutrition education and resource needs of school districts across the state. The OHS is partially funded with DOE school food and child nutrition administrative expense funds and employs a program director and nutrition coordinator. Through this partnership, DOE is able to integrate nutrition education into core subject areas like language arts and science. Examples of initiatives from this collaboration include:

- Participation in Celebrate Literacy Week - OHS works in partnership with the Just Read, Florida! Office to promote literacy throughout the state by raising awareness of the nutrition-related programs and projects offered by the DOE, including the importance of school breakfast and school gardens. In January 2011, volunteers across 28 school districts and 1,100 classrooms read "Our Super Garden: Learning the Power of Healthy Eating by Eating What We Grow" by Anne Nagro.

- In February 2011, OHS in partnership with the DOE's Language Arts Coordinator, Just Read, Florida!, and the Florida Department of Health's Comprehensive Cancer Control Program provided Seed Folks kits, containing lesson plans and activities challenging language arts benchmarks, to middle school students.
- Gardening for Grades Regional Trainings - Through a partnership with DOE's Science Coordinator, OHS has collaborated with Florida Agriculture in the Classroom to serve science teachers through nine regional Gardening for Grades training sessions in the spring of 2011. Note: Gardening for Grades is a program funded by specialty crop grants, awarded by DACS.
- Foods of the Month Kits - In March 2011, OHS provided approximately 550 nutrition education resources specifically designed for the school cafeteria through the Foods of the Month (FoM) kits. FoM kits help schools enhance the nutrition education programming and improve dietary offerings in school meals by using the cafeteria as a learning laboratory.
- Healthy School District Trainings - Five regional Healthy School District Trainings will be conducted in March 2011, using the Coordinated School Health approach to provide district teams with the tools necessary to improve the health and wellness of their district's students and staff through Wellness Policy Committees and School Health Advisory Committees (SHACs).

The Florida Department of Agriculture and Consumer Services:

The Department of Agriculture and Consumer Services administers the Commodity Program portion of the National School Lunch Program and the Summer Food Service Program. Section 6(e) of the Richard B. Russell National School Lunch Act (NSLA), requires that no less than 12% of the federal support received by schools pursuant to the NSLA each year must be in the form of USDA food (commodities). Every year, DACS receives an allocation from the US Department of Agriculture based on the number of meals served the previous year. As the state agency responsible for ordering the commodities for the schools, DACS provides information to the schools on which foods USDA intends to acquire, determines from the schools how much, if any, of each of the commodities available they would like to requisition and orders the foods. USDA is responsible for procuring and purchasing these commodities.

During school year 2010, DACS provided over 69 million pounds of USDA food valued at approximately \$55,516,427 to about 193 participating schools (public school districts, private schools, residential child care institutions, etc.) throughout the state. An additional \$4,442,500 in fresh fruits and vegetables was also provided.

In 2011, DACS will provide over 75 million pounds of USDA food, valued at over \$66 million, in addition to another \$3,077,000 in fresh fruits and vegetables to participating Florida schools.

DACS developed and maintains the Florida Farm to School Program website to bring schools and farmers together to determine each other's needs and how to best meet them. As a founding member of the Farm to School Alliance, DACS participates and provides input at Alliance meetings. For the last three years, DACS has participated in various panel presentations and

exhibitions promoting the consumption of fresh produce at the Florida Small Farms and Alternative Enterprises Conference.

For years, DACS has been an active participant in the Florida School Nutrition Association annual conference. In addition to conducting workshops on the administration of the USDA foods, DACS, in conjunction with the Department of Defense, is an exhibitor at the conference, promoting the consumption of fresh produce in schools and Florida fresh fruits and vegetables in particular. At the 2011 conference, DACS' chef will be in attendance demonstrating ways to entice students to consume more Florida fruits and vegetables.

In keeping with DACS' mission of providing healthy nutrition from the time children are young, DACS has developed the Fresh From Florida Kids. The program is designed to help parents instill healthy eating habits in their children who are just beginning to eat solid food and beyond. Research suggests that taste preferences and eating habits are fully developed by the time a child is three years old, so starting early is essential.

As children get older, DACS introduces them to good nutrition through Xtreme Cuisine. Xtreme Cuisine Cooking School teaches children about nutrition and introduces children to the variety of fresh, nutritious foods available in Florida. The program can be used by teachers, extension agents, health and family services professionals, and many others who work with Florida youth to teach children the nutritional attributes and other pertinent information about Florida agricultural commodities while providing basic cooking skills.

Office of Program Policy and Government Accountability (OPPAGA), Report No. 09-03

OPPAGA reviewed Florida's school nutrition programs in January 2009. In the report, *No Changes Are Necessary to the State's Organization of School Nutrition Programs*, OPPAGA found:

- The current structure aligns key program activities with the core missions of state agencies.
- There is no compelling reason to change the current structure of Florida's school nutrition programs.
- Changing the structure would not produce identifiable cost savings or other substantial benefits.
- Transferring programs and functions from one agency to another would likely result in short-term disruptions in services to school districts.

In the same report, OPPAGA outlines advantages of consolidating the school nutrition and commodity programs in Florida, including:

- Potential efficiencies;
- Improved coordination;
- Increased program visibility and administrative support; and
- Programs could take advantage of DACS' food and nutrition mission and expertise.

School Nutrition Program Transfers Experienced in Other States

Federal regulations implementing the Richard B. Russell National School Lunch Act (7 C.F.R. § 210.3(b)) provide for the NSLP to be administered by a state's educational agency. In all but two of the 50 states this is the case. In Texas and New Jersey, it was the desire of the state educational agencies to seek alternate agencies and to discontinue their administration. In 34 states, the commodity food program, which makes agricultural commodities available to sponsors, is administered by the education agency. The administration of the NSLP by an agency other than the state education agency requires a waiver by the Secretary of the USDA. USDA staff has been contacted for information regarding a potential waiver. At this time, it is unknown if a waiver would be approved or if a transfer could be accomplished by the bill's effective date of July 1, 2011.

Officials in Texas and New Jersey indicated that consolidating the federal programs into their agriculture departments had two primary benefits. First, it improved coordination between the various programs. Second, the officials said that consolidating the programs within the agriculture agency had increased program visibility and administrative support by functioning with a smaller agency, rather than as a no-curriculum program within the larger state education agency.

Officials in both Texas and New Jersey indicated that the primary disadvantage of consolidation was that it created transitional issues during the transfer. For example, when consolidation was being discussed, several DOE staff became concerned about the future of their positions. Another challenge to consolidation is that it could create either data sharing and/or duplicate data reporting issues.²

DACS has reached out to their counterparts in Texas and New Jersey to learn the progress of the programs since the transition and both states report success. Though they encountered issues during the transition, school food and nutrition programs in the agriculture departments of both Texas and New Jersey are making a positive impact on the health curriculum in the classrooms and the nutrition in the cafeterias. DACS feels it can apply lessons learned by both states to support a smooth transition of the school food and nutrition programs in Florida.

III. Effect of Proposed Changes:

Section 1 provides that this act may be cited as the "Healthy Schools for Healthy Lives Act."

Section 2 transfers and reassigns the National School Lunch Program and related school food and child nutrition programs by a type two transfer, as defined in s. 20.06(2), F.S., from DOE to DOACS.

Section 3 creates s. 570.98, F.S., to require DACS to conduct, supervise and administer all school food and nutrition programs, to cooperate with the United States Government and its agencies and instrumentalities to receive the benefit of federal financial allotments, and to act as

² Office of Program Policy Analysis & Government Accountability Report No. 09-03

an agent of or contract with, the federal government, another state agency, or any county or municipal government for the administration of the school food and nutrition programs.

Section 4 transfers and renumbers s. 1006.06, F.S., school food service programs, to s. 570.981, F.S., and makes conforming provisions required by the act. It also deletes obsolete provisions.

Section 5 transfers and renumbers s. 1006.0606, F.S., children's summer nutrition program, cited as the "Ms. Willie Ann Glenn Act," to s. 570.982, F.S., and makes conforming provisions required by the act. It also deletes obsolete provisions.

Section 6 transfers and renumbers s. 1010.77, F.S., Food and Nutrition Services Trust Fund, to s. 570.983, F.S., and makes conforming provisions required by the act.

Section 7 amends s. 1003.453, F.S., to require each school district to send an updated copy of its wellness policy and physical education policy to the DOE and DACS. It deletes obsolete provisions. It also requires a link from DACS' website to each school district's wellness policy and physical education policy.

Section 8 provides that this act shall take effect July 1, 2011.

Other Potential Implications:

The DOE has indicated the following impacts of the type two transfer in Section 2.

Impact on the Coordination of Resources

The Commissioner of Education, Dr. Eric Smith, is constantly interacting with school superintendents across Florida to provide DOE resources to enhance student learning. Student learning takes place within an educational framework that provides student transportation, healthy nutritious meals, and a safe learning environment, followed by excellent classroom teaching and assessment programs. Florida has been a national leader in student achievement over the last several years. According to Education Week's 2011 Quality Counts report, Florida was ranked fifth in the nation for education. This ranking is based on performance and policies in six distinct education areas: the Teaching Profession; Standards, Assessments, and Accountability; Chance for Success; School Finance; Transitions and Alignment; and K-12 Achievement. Florida's fifth place ranking was based on the average score for all six categories. The consolidation of all resources necessary to provide the full spectrum of student services has proven to be the most efficient and effective delivery model in which to maximize student learning.

Impact on the Curriculum and Classroom

The loss of funding to the OHS will result in a loss of resources that provide access to the Bureau of Curriculum and Instruction and will affect the integration of nutrition education into the classroom. The initiatives discussed in the Current Situation, including reading child nutrition books in the classroom, Seed Folks kits containing lesson plans, gardening training sessions, and using the cafeteria as a training laboratory will be severely curtailed or eliminated.

Disruption and Changes in Program Services

As with any change, there will be a disruption in services that DOE currently provides. For example, the distribution of monthly Direct Certification information of students who are eligible for free or reduced price meals because of eligibility for the Supplemental Nutrition Assistance Program through the Department of Children and Families will require changes in multiple agencies. All Memorandums of Understanding and grants will need to be revised and updated to reflect the transfer. The Dietetic Internship Program will require a recertification by the Commission on Accreditation for Dietetics Education and amended contracts with the various entities that provide instruction to the interns. The coordination with the Florida School Choice Program to increase the number of charter schools sponsoring NSLP would be impacted.

Physical Relocation of the Program

There would be a financial cost to the State Administrative Fund for program operation to physically move the program from DOE to DACS. A physical program move could result in additional facilities renovation expenses to provide needed offices and technical support for the program. A relocation would likely result in short-term disruptions in services to school districts and additional workload relative to the moving process. Millions of dollars of program reimbursements could be delayed, causing fiscal concerns to sponsors. It is possible the program could remain housed in the Turlington Building, which would seem to negate any fiscal or policy benefit to transferring the program.

Federal Indirect Cost Rate Revenue

Indirect earnings revenue is derived from assessments on federal grants based on the DOE's current approved Indirect Cost Rate Agreement with the United States Department of Education, dated May 5, 2010, for the period July 1, 2010, through June 30, 2013. The assessment is a percentage of total direct expenditures excluding capital expenditures, flow-through appropriations, and unallowable costs. Indirect earnings are used to support management activities that are department-wide in nature and include activities such as purchasing, accounting, human resources, grants management, and legal services. The amount of \$631,410 is attributed to indirect earnings from school and child nutrition programs in the 2009-10 fiscal year.

Information at the Federal Level for School and Child Nutrition Program Administration

Federal regulations implementing the Richard B. Russell National School Lunch Act (7 C.F.R. § 210.3(b)) provide for the NSLP to be administered by the state educational agency. In all but two of the 50 states this is the case. In the other two states, Texas and New Jersey, it was the desire of the state educational agencies to seek alternate agencies and to discontinue their administration. In 34 states, the commodity food program, which makes agricultural commodities available to sponsors, is administered by the education agency. The administration of the NSLP by an agency other than the state education agency requires a waiver by the Secretary of the USDA. USDA staff has been contacted for information regarding a potential waiver. At this time, it is unknown

if a waiver would be approved or if a transfer could be accomplished by the bill's effective date of July 1, 2011.

Historical Information on Past Mergers of Former Child Nutrition Programs in Florida

On October 1, 1997, the Child and Adult Care Food Program (CACFP) was split and transferred from DOE. Chapter 97-260, Laws of Florida, transferred the Child Care Food Program (CCFP) from DOE to the Department of Health (DOH). The Adult Care Food Program (ACFP) was transferred from FDOE to the Department Elder Affairs (DOEA) as a result of a type two transfer under Section 20.06(2) Florida Statutes. As a result of the transfer of ACFP to DOEA, it was realized that ACFP, when separated from the Child Care Food Program, could not earn sufficient State Agency Expenditure funds to administer the program. Therefore, on July 23, 1998, a cooperative agreement was established between DOE and DOEA to transfer funds from DOE to DOEA in the amount determined to be needed by DOEA to operate the State Administrative Expense Plan in excess of the amount determined by formula to operate ACFP. This agreement was established as temporary assistance until ACFP program generated sufficient funding to independently administer the program. The ACFP was not able to generate sufficient USDA funding. Therefore, it has obtained \$200,000 in recurring general revenue to subsidize the administrative cost to operate ACFP. Currently, all states with the exception of Illinois and Florida operate ACFP and CCFP within the same agency, which is predominately the education agency.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Department of Education:

According to DOE, contracting for the administration of a program adds another layer of management with associated costs and may compromise the direction and effectiveness of the program. Because the program applications, administrative reviews, and reimbursements for all school and child nutrition programs are processed through a central web-based application, it is unknown how a contractor would have sufficient resources to manage this computer application, or how the contractor could be accountable for administering reimbursements. Such a division or splitting off of administrative responsibilities would be confusing at best to program sponsors. In any event, additional program oversight would be required to ensure that all program resources, including reimbursements, are managed according to regulations.

Department of Agriculture and Consumer Services:

As required by federal regulations, DACS will enter into written agreements with program participants. DACS has no intention to further contract or add another layer of administration unnecessarily.

	Trust Fund	FY 11-12	FY 12-13	FY 13-14
REVENUES:				
Recurring revenues from USDA for the School Nutrition Program	Food and Nutrition Services TF	810,614,671	810,614,671	810,614,671
	General Revenue	16,886,046	16,886,046	16,886,046
	Federal Grants TF	2,532,907	2,532,907	2,532,907
TOTAL:		\$830,033,624	\$830,033,624	\$830,033,624

EXPENDITURES:

Recurring –

Rent for 10,000 sq. ft. office/support space		160,000	160,000	160,000
Data circuit requirements		8,400	8,400	8,400

Non-Recurring –

Telephone/network wiring, Microsoft license, telephone devices, network switches	64,242	0	0
TOTAL:	\$232,642	\$168,400	\$168,400

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.