

Testimony on
School Meal Regulations: Discussing the Costs and Consequences of Schools and Students
before the
Subcommittee on Early Childhood, Elementary, and Secondary Education
by
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Good Morning, Chairman Rokita, Mr. Scott, and members of the committee. My name is Megan Schaper. I am the food service director of the State College Area School District located in central Pennsylvania. I have been a school nutrition professional for 23 years and have served at my current district for the past 20 years. I am an active member of the School Nutrition Association and the Pittsburgh Regional Food Service Directors. In my roles for these organizations, I have had extended conversations with many of Pennsylvania's directors. I thank you for this opportunity to share with you my - and many of my colleagues' - concerns about the cost and consequences of the newest school meals regulations.

The State College Area School District has an enrollment of 6,900 students and the budget for my department is 3.4 million dollars. Sixteen percent of our students are eligible to receive subsidized school meals. Like most districts, there is an expectation that my Food Service Department operates as a business and is able to cover all of its own expenses without financial support from the district's general fund.

One school year into the implementation of the new meal standards, it is a good time to consider if the nutrition standards and lunch price equity rule are working as intended. I recognize and appreciate the seriousness of childhood hunger and health issues that these changes are intended to help curb. However, in the rush to fix these problems, we've implement changes without adequate testing or pilots to know if the new standards would, in fact, be helpful or hurtful to our efforts.

The past school year was extremely challenging for school nutrition professionals. The new nutrition standards coupled with lunch price equity lunch price increases resulted in fewer students choosing to eat lunch at school. At the same time that programs were experiencing lower revenue from the sale of meals, food and labor costs dramatically increased. While dealing with these difficult financial circumstances, many of us in the industry wonder if we aren't, in fact, making it more difficult for schools to help ensure that students are well and properly nourished.

To understand why we wonder this, you need to be aware of the paradigm of how school food service departments are funded. Revenue generally comes from two different sources, government reimbursements and cash sales to customers. The amount of funds received from either source is directly determined by the number of students we can convince to be a customer of the school cafeteria. When school cafeterias are able to provide the foods and services that our customers want,

while still meeting nutritional standards, we are positioned to generate the volume of participation needed to fund great programs.

My school district was well on the way to meeting the new nutrition standards when we ended the 2011-12 school year. We felt that we would only need to make minor tweaks to our menu to remain in compliance. We served an abundance of fruits and vegetables every day and most of our students liked and chose these foods. Most of the breads served were whole grain rich. Utilizing Nutrient Standard Menu Planning, we knew that our meals were within the fat and calorie ranges required.

We were ahead of the curve, still we had extremely negative reactions from students and families with the meals planned to be in compliance with the meat and grain caps. In our district, we had to discontinue serving some of our most popular lunches even though they met the calorie and fat targets and provided fruits, vegetables, and milk in the required quantities. Sandwiches and entree salads could not be offered five days a week at the elementary level without respectively exceeding or not reaching the grain limits. Both servers and customers were confused as to why the chicken tenders and the entree salads each needed to be served with a different type of bread item and the customer getting the chicken tenders couldn't opt for the type of roll being served with the salad on the same serving line.

At the secondary schools, popular and reasonably sized hamburgers, pizza, and chicken fillet sandwiches all had to be substantially reduced in size even though the meals were within the calorie range. The fact that the side salads had doubled in size to two-cups or that students could take two portions of fruit with the lunch wasn't adequate compensation in our customers' opinions.

Further, the limits on meat and grains made it difficult to consistently meet the calorie requirements for many directors. Some schools found that they had to add non-grain desserts - jello, ice cream, baked potato chips - to the menu just to meet the calorie minimums. These desserts added no positive nutrients to the meal other than calories and increased the cost of providing the meal. But, serving larger portions of nutrient-dense whole grains was not an available option.

The very short time period between learning of the meat and grain caps and implementation left manufacturers and suppliers scrambling to develop, produce and stock items to meet schools' needs. In September, many products that schools needed were not yet available at our distributors' warehouses. Just about the time distribution was caught up, the caps were removed on a temporary basis. I was pleased when the caps were temporarily removed mid-year. But this reversal was difficult for manufacturers and distributors who had invested in developing and stocking items specifically to help schools meet the caps.

The businesses that supply schools with food are struggling to know what schools want and they need to have some assurance that the money spent developing and making products for us isn't wasted. For instance, AdvancePierre spent in excess of \$100,000 on research for each product that they brought to market for schools in the fall. Now, many of those items developed to help with the meat cap are no longer wanted by directors.

Manufacturers and menu planners need to know that the caps are permanently lifted so that we can move forward without wasting any more resources or time. I strongly encourage Congress to make the elimination of these caps permanent.

Participation in my schools suffered this year, dropping by 34,000 meals or 3%. Though we did rebound some after we were able to adjust the menus given the meat/grain flexibility, participation did not fully recover. Statewide in Pennsylvania, participation dropped by 9% through December with paid meal participation decreasing by 14%. More recent statewide data has not yet been made available but it is my understanding that participation remained down, especially in the paid category, for the entire school year.

My district was able to fare better than many because we opted to not raise our lunch prices for the year. Under Section 205, the equity in school lunch pricing rule, we would have been required to raise prices by \$.05 for the 2012-13 school year even though our lunch prices were higher than those of other districts in my area (\$2.25 and \$2.80 for elementary and high school lunches respectively). Anticipating that there would be some backlash from the smaller entrees, we utilized the non-federal funds that my program earns to justify not raising prices.

The lunch price equity rule required many other districts to raise meal prices even though the directors felt that the higher price would be more than families would be willing to pay. Higher meal prices, combined with less satisfaction with the meals in general, dealt the proverbial one-two punch to the participation levels in many districts.

Local school boards and food service professionals have a vested interest in their programs being successful. They can and will make meal pricing decisions that reflect what the families in their community are able and willing to pay. It is often fiscally more advantageous for a program to keep prices low and sell more meals than it is to raise prices and reduce program participation.

Parents at home considering whether to purchase a school meal or to provide their child with a packed lunch typically only consider the price in relationship to the food cost of the packed meal. They don't and won't consider that the school meal price also includes the cost of labor, benefits, equipment replacement, utilities, etc. If we are unable to keep school meal prices competitive with the cost of a home packed meal, we will continue to lose paying customers. In fact, fewer children will be influenced by the healthier meal standards if parents do not feel that the full priced meal is affordable. And, we run the risk of the National School Lunch Program being a program that primarily serves only low income students with all the stigma attached.

Section 205, the equity in school lunch pricing rule of the Healthy Hunger-Free Kids Act, gets in the way of school nutrition professionals and local school boards doing what they know is best for children, communities, and School Nutrition Programs.

Many programs experienced significant increases in food cost this year. My own district's food cost increased by \$40,000 even though we served 34,000 fewer meals. The larger portions of fruits and vegetables were the main reason for this in my district. We were already, for the most part, meeting

the vegetable sub-group and whole grain requirements, so our food cost in 2011-12 already reflected the reality that whole grains cost more than white bread and dark greens cost more than iceberg lettuce. For many districts, implementing the new standard had a much more drastic impact on costs.

It was especially discouraging for myself and my colleagues to be spending more money for food and to not see that investment pay off in better student participation. My students generally do like fruits and vegetables and we did not have a problem, in most cases, requiring students to take the required portion. However, when we did have to make a student take a required fruit or vegetable component, it did invariably go into the garbage can. Teenagers, especially, made sure that my servers knew that we could make them take, but we couldn't make them eat, something that they did not want.

This phenomenon seemed to be magnified in many of my colleagues' districts. Directors across Pennsylvania are discouraged to be purchasing food that is simply being thrown away untouched.

Sometimes the standards actually got in the way of providing the best nutrition to students. I have several sites where it is logistically very difficult to provide choices. So, on the day of the week when we provide legumes as the vegetable of the day, most children at those sites do not eat a vegetable at all. Prior to this year these same schools only served fresh vegetables as we found that the students were more likely to eat the fresh vegetables than cooked ones. However, this year I am required to provide a starchy vegetable once per week. So, in place of fresh vegetables, the students are served peas, corn or potatoes, not because they are healthier choices but because starchy vegetables are now required once each week.

The new regulations have simply made it harder for food service professionals to meet students' expectations and to do what they know is best for their own districts. A USDA study conducted before the new standards were implemented indicated that students who chose a school lunch consumed more fruits, vegetables, and milk and less sugar than those who brought a lunch from home. Students who opt to get lunch at the fast food restaurant or convenience store near the school surely are not going to get a healthful meal. And, students who opt not to eat lunch at all won't get the nutrients they need and are more likely to binge on non-healthful snacks when they get home from school. To be most effective at ending hunger and curbing childhood obesity, schools need to be able to provide healthful lunches that students want to purchase and eat.

To underscore the difficulty that directors are having in meeting the new regulations, to date only about 64% of Pennsylvania's schools have been certified as meeting the new standards.

Our programs are reeling from the effects of implementing the new standards. Most schools lost participation resulting in fewer students receiving well balanced meals and less income for our programs. And we incurred higher program costs. School nutrition professionals are a resilient group who will do everything possible to provide great meals for students. Especially if the meat/grain caps and the lunch price equity rules are addressed, I am hopeful that things can improve.

However, we have significant new challenges coming upon us quickly in the form of additional breakfast requirements and competitive food regulations that will not provide the time and space needed to regain the ground lost this year and threaten to do further and more significant harm to our programs.

Beginning with the 2014-15 school year, school breakfast will be required to provide one full cup of fruit with breakfast instead of one-half cup. This change will mirror the food waste and cost problems that we are currently experiencing with the lunch program. Unlike lunch, which typically has a lunch period scheduled within the school day, the School Breakfast Program has always struggled to be allotted any time at all for students to get and eat the meal. The time available is usually the amount of time between when the child arrives at school and the start of the instructional day, usually less than ten minutes. Whether breakfast occurs in the cafeteria or classroom, many students struggle now to eat the entire meal before they are required to turn their attention away from the meal and to their class work. Students simply will not have the time to eat a larger breakfast and the money spent on the additional fruit, at least \$.25 for each meal, will go into the garbage can.

Before implementing this breakfast requirement, time is needed to study the food waste problems at lunchtime and then to proceed only if we find that this problem has subsided.

The pending competitive foods rule has the potential to deal a most devastating blow to school nutrition programs. Competitive foods are so named because they compete with school meals for students' dollars. However, this ignores some critical facts about competitive foods.

First, there is a notion that without competitive foods, students would opt for the more healthful reimbursable meal. This is not necessarily true. Older students, who make the vast majority of competitive food purchases, will bring the foods that they want with them to school or will opt not to eat at all and binge later. In many, many cases, competitive foods are not replacing the meal but instead are supplementing the meal. This was especially true this year when students perceived the meals as being smaller.

Second, competitive food profits provide the funds needed to operate quality programs. The revenue generated allows us to purchase better quality foods for breakfasts and lunches than we could otherwise afford. It also provides the funds needed to replace equipment, provide staff training, and engage in educational initiatives for students.

All schools were required in 2006 to implement local school wellness policies to include nutrition standards for competitive foods. My own district's decision at that time was to eliminate all competitive foods at the elementary schools. Nutrition standards were established for competitive foods available in the secondary schools and middle-school students were limited to purchasing no more than one of these competitive foods per day. Soda machines were banned from all school campuses. As a result of these changes, my program's competitive food sales decreased by \$120,000 and my ability to replace equipment and provide staff training has since been severely compromised.

Competitive foods generated just over \$700,000 this school year - 21% of my program's total revenue. I estimate that the proposed competitive food rules would reduce my program's revenue by at least half.

Further, these revenues have a much more significant impact on my program's bottom line than do meal sales. The profit margin on a school meal is very slim, and for some menus there is no profit at all. However, competitive foods are always priced to ensure that they generate at least a 50% profit that can then be used to help cover the costs of operating a quality school lunch program.

The additional burden of this proposed rule impacts schools with high subsidized meal eligibility and those with low subsidized meal eligibility very differently. It may force schools that receive less federal funding to opt out of NSLP altogether. In fact, a session entitled *On or Off the National School Lunch Program* was extremely well attended at the Pennsylvania Association of School Business Officials conference in March. If schools opt to leave the School Lunch Program, there is no assurance at all that students will receive a meal that meets the USDA nutrition standards or, in fact, receive a meal at all.

To balance budgets, schools will have to cut jobs. In my district, it may mean eliminating the breakfast program so that we can reduce employees' hours and save money on benefits and pensions. And the effect will be far reaching, affecting food producers, equipment manufacturers and others who support our industry.

To mitigate the harm that could be done by the competitive foods rule, USDA must provide flexibility, simplicity, and minimum standards that allow schools and food service directors the room to make site based decisions that best fit their districts' needs. Any food that is served as part of a reimbursable school meal should be allowed as a competitive food without restriction. And, school nutrition programs should be recognized as the primary food provider within school buildings during the school day.

To illustrate the magnitude to the restrictions that will be placed on competitive foods, please see the attached photograph. Most people would deem these items to be reasonable snacks for a high school student to purchase but all would be banned from schools based on the proposed rule.

There seems to be a sense that school district general funds should pick up the added cost of operating school cafeterias. Yet my district, like many, is facing tough fiscal realities of its own. Most school general fund budgets simply do not have the resources to subsidize the school cafeterias. Tough choices will have to be considered at the expense of students and jobs.

My district and I are committed to providing healthful meals and foods that make a positive contribution to our students' well-being. However, a program that cannot remain fiscally solvent due to decreased participation, decreased opportunities to generate revenue, and mandated increases to program costs is not positioned to provide high quality, healthful meals to students. As with the advice to secure one's own mask first before assisting another, we need to be mindful that our school meals programs need to be healthy themselves in order to advance the healthfulness of our nation's children.

Thank you for this opportunity to address the committee with my concerns.