

Child Nutrition Hearing 5/13/2011

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It is an honor to speak with you today on the most important subject to date for School Nutrition Directors nationwide. I applaud the efforts and the focus of the Healthy, Hunger-Free Kids Act of 2010. The health and well-being of our nation's children is to all a number one priority. School Nutrition Professionals serve healthy meals to 32 million children daily and for many it may be the most nutritious meal of the day.

When considering the impact of the changes contained in the revised meal standards, it is vital to understand that children's food preferences do not change instantaneously. In order for children to successfully change their eating habits commitment is required from parents, the community, the restaurant industry and the food manufacturing industry. When change occurs simultaneously at all levels success can be forthcoming. However under the proposed rule, school meals would become so restrictive they would be unpalatable to many students. This fact alone will make it very difficult. Balancing the need for healthier food choices with students' preferred eating habits is indeed a challenge.

There are specific concerns with the increase in fruit and vegetable servings and the requirement for meal credit. Currently in the traditional meal pattern following the "offer versus serve" method, five meal components are offered and three must be selected to complete a meal. The five components include: Meat/Meat Alternative, Milk, Grains/Breads, and two servings of Fruits and/ or Vegetables. In the proposed rule, in order for a meal to be complete the student must take a serving of a fruit or vegetable. The serving size of the fruit and vegetable combined will increase from 3/4 cup to 1 1/4 cup at the elementary level and from 1 cup to 2 cups at the secondary level. Schools will probably sell fewer meals or need to take away the choice of "offer versus serve" because not all students will select fruits and vegetables. Moreover, increasing the fruit and vegetable serving size will result in more waste as students would not be able to consume the full portion. The proposed rule is looking to increase the consumption of fruits and vegetables; however, by limiting students' favorite vegetable choices, corn and potatoes to a 1 cup combined serving per week, there is a mixed message.

There are major concerns with the sodium restrictions. While the sodium levels of 1230mg – 1420mg are achievable, Target 2 and 3 are much more restrictive. The implementation of those targets will depend on the products that manufacturers can offer or that districts can make from scratch. We are looking at levels of sodium that have truly never been tested for acceptability and the only arena where these restrictive levels have been prescribed before is in the diet plan for patients with particular diseases. Sodium is a naturally occurring nutrient and therefore these restrictive levels will be more difficult to adhere to.

There are great concerns when considering the breakfast meal under the proposed rule. The serving size of fruit and/or vegetable doubles and the serving of the entrée will increase to include up to 2

bread/grain and 2 meat/meat alternative at the high school level. The new pattern results in the students being offered substantially more food for breakfast. In many cases the student will not be able to finish what is offered, and food will be wasted. The increased costs associated with the new meal pattern will affect breakfast programs, as school food authorities may determine it is too expensive to provide the breakfast meal. Therefore all of the efforts over the last few years to expand breakfast programs nationwide will have been futile as the proposed rule will lead to contraction of the school breakfast meal.

When considering the food cost in general with the proposed rule, the impact of my own operation would be as follows:

Annual Breakfast Meals Served - 70,000

Annual Lunch Meals Served – 544,530

Estimated increase in cost of food per Breakfast Meal – \$0.50

Estimated increase in cost of food per Lunch Meal – \$0.14

70,000 @ \$0.50 = \$35,000 increase in food costs.

544,530 @ \$0.14 = \$76,234 increase in food costs

Federal Reimbursement for Lunch - \$0.06 per meal = \$32,460

\$111,234 - \$32,460 = \$78,774 adjusted increase in food costs

This increase in costs will now leave my efficient department with a lower level of profit. I would need to cut costs in other areas to make up for this loss. The cost data above is from the USDA and is very conservative in nature. This simple formula does not even begin to uncover the lost revenue that will occur as paying customers decide they no longer want to participate in the program. In the proposed rule, the type of food that would be served is considerably more expensive and requires additional labor to prepare. Grilled chicken breasts, fish, whole grain pastas and breads, fresh fruits and vegetables are higher in cost than hamburger, breaded chicken, traditional pastas and breads and canned or frozen fruits and vegetables. That is why today many of our nations' school food authorities already offer this variety and balance of healthy food selections.

Although school self-operated food service programs are non-profit in nature, it is expected that they at least break-even. In many cases food service operations are paying more expenses than before as state budgets have tightened and there is less money in the school budgets. With escalating retirement costs, the additional social security costs and the slashing of state education budgets, there is no excess funding at the school level. Therefore revenue-generating programs must at least break even or they will become unsustainable in today's economic environment. The impact of the proposed rule will at a minimum be \$78,774 for my department which in terms of education budgets is equal to a teacher's salary in the surrounding area.

Additionally in schools across the country, ala carte sales can contribute significant revenue to school nutrition departments. Nationwide this revenue is over 2 billion annually. In my operation it comprises 23 percent of revenue. With the implementation of the new nutrition standards for all foods sold in schools, throughout the school day, if similar to the proposed rule for meal patterns, this revenue will be greatly reduced. Today school food authorities not only service their own district, many provide meal service to private and charter schools in order to better serve the community and maintain financial stability within their program.

As sales decrease and financial losses accrue in school nutrition programs, consideration may be given to contracting services or dropping out of the national school lunch and breakfast program. There are many options to consider in analyzing the right course of action. There are schools today that have elected to withdraw their high school from the program due to the issue of loss of revenue. The proposed rule will push schools in this direction to find financial sustainability.

In addition to the concern of the increase in costs, the “Equity in School Lunch Pricing” creates quite a predicament for the School Nutrition Director.

Federal Reimbursement Free Lunch - \$2.72

Federal Reimbursement Paid Lunch - \$0.26

Price to Compare for Average Lunch Meal- \$2.46

According to guidance from the Pennsylvania Department of Education the formula applies the indicated inflation factor of 3.14% to average meal prices and rounds down to the nearest 5 cents, which provides confusing results. A meal price of \$2.25 would need to increase 5 cents and a meal price of \$1.50 would not require an increase. I believe the issue becomes further complicated when presented to the school board. School boards are used to having control over meal pricing and in some cases they are not allowing the increases due to the difficult economic times. This year, it is understood that the state reimbursement of 10 – 17 cents per meal can be considered to offset the difference. However you look at this issue, the School Nutrition Director is caught in the middle of the government regulation and the direction of the school board. Determining equity in meal pricing just in the state of Pennsylvania alone is cumbersome with price ranges from \$1.00 to \$3.75 for the basic lunch. Looking at this issue nationally becomes more complicated with the variance of economics across each state.

In conclusion it is imperative to address childhood obesity and support schools as they move in the direction of serving healthier foods. The proposed rule is essentially an unfunded mandate, which will harm my program. I do understand that the creation of the Healthy, Hunger - Free Kids Act was based on improving the health of our children. Unfortunately every school food authority regardless of the economic status, whether a self- operated or contracted operation will experience financial loss. Now is the time to work toward a resolution which will address the health of our children and allow our school nutrition department’s financial viability. Thank you for your time and consideration of the impact of the Healthy, Hunger-Free Kids Act of 2010.