

AOE Testimony: S. 273

Testimony To: Senate Agriculture Committee
Respectfully Submitted by: Rosie Krueger, State Director of Child Nutrition Programs
Date: February 6, 2020

Overview

The Agency of Education (AOE) **understands and supports** the intent of this bill, which is to increase the amount of local foods purchased with federal child nutrition funds and to expand access to nutritious meals for more Vermont children. With one additional piece of technology support (approximately \$50,000), we expect that we could carry out the work of the bill, as written. However, the AOE feels that the intended purpose of the bill could be better served by a different policy approach that makes more efficient use of the funds the committee intends to commit, without implementing an additional paperwork burden. We wish to advise the committee that with the same amount of state funding, directed in a different way, we feel that we could have a far greater positive impact on local food purchasing and child nutrition.

New York State has recently enacted similar legislation. I have spoken with my counterparts in New York to understand the successes and challenges in their state. I am also applying my own knowledge from 7 years of working with Child Nutrition Programs in Vermont to play out the impact of this bill. Today, I will discuss both what would happen in Vermont if the bill were passed as proposed, and how we suggest the committee modify the bill to make more efficient use of these funds.

If the bill passed as written

The bill proposes to allow school food authorities (SFAs) to apply for additional per plate incentive funding if they reach certain local purchasing thresholds in the prior school year. To qualify for the incentive, the SFAs will need to provide documentation of their entire prior year's worth of food purchases and the entire year of production records to the Agency of Education so that we can verify that they hit a specific percentage of local food purchases. The bill provides one additional staff person at the Agency of Education to assist with this work.

To carry out the work of the bill as proposed, the Agency of Education would also need funding to adjust our electronic claiming system to allow for the local foods incentive to be paid separately, and in varying amounts, based on the threshold that the SFA had reached. The AOE is most of the way through a bid process for our claiming system for the next five years. As this would be a state-specific need for Vermont only, we expect that the chosen vendor would charge us for this enhancement. Based on experience with our current vendor, this enhancement could be a one-time cost of \$50,000, and could have ongoing maintenance charges of several thousand dollars per year.

If the bill passed, 100% of the time of the new position at AOE would need to be spent auditing the SFAs that applied for the incentive. Based on the requirements in the bill, the reviewer

would need to review every receipt and invoice from the prior school year, as well as the entire year's worth of production records. Based on the reviews that we already do, we can tell you that these records are organized in very different systems around the state, and many are not organized well at all. Often, they are in different systems at different school buildings within an SFA.

The reviewer would need to conduct the following audit activities:

- Determine which of the items that the SFA had previously determined were local actually met the requirements in the legislation. Because the incentive does not include breads, value added products, or maple syrup – many of which SFAs may have included in their initial local estimate – the reviewer would need to remove those products from the local category.
- Determine which food purchases were made to produce non-program foods, such as a la carte sales, catering, or adult meals. To make this determination, the reviewer would need to look at production records for breakfast, lunch, and summer meals, to determine which items were actually used to produce these meals.
- Remove any items used to produce non-program foods from the local category. If a product was used for both student meals and non-program foods, the reviewer would need to determine what percentage of the product to count towards the local percentage.
- Look up addresses of vendors located outside of the state to determine if they were within 30 miles of the border.
- Review supplier documentation for products from suppliers who mixed product from Vermont and immediate vicinity with product from elsewhere in the region or country to determine that 75% of the product was Vermont-grown or Vermont-raised.
- Add up the value of the products used for student meals that met the incentive requirements and divide by the value of the products that did not meet the requirements to determine the percentage of local foods purchased.

In order for the reviewer to examine all of these documents, they would most likely need to travel to the SFA and spend several days there. SFA staff would need to spend time preparing the records and then explaining many of them to the reviewer.

After going through these reviews, it is extremely likely that only a few SFAs would meet the requirements to receive the incentive. Those that do qualify will be the SFAs who are already well-resourced enough to already be making large amounts of local purchases, be documenting them neatly, and have the time to prove it to the state reviewer. This bill adds another barrier of red tape, and makes the much-needed incentive funding available only as a reward to the schools who are already doing well in this area. **Because the reviewer would need to dedicate all their time to auditing the schools to see if they had met the requirement, they would not have capacity to provide the training and technical assistance to help more schools increase their local purchasing.**

New York's experience with a local foods incentive

In speaking with my counterparts in the New York State Department of Education, I learned that in the first year, 48 School Districts applied for the incentive, thinking that they had met the criteria. After the State Agency conducted audits, only 7 of the 48 School Districts actually qualified. Those that hadn't qualified had to absorb the cost of the additional local purchases that they had made on the assumption that they would receive the incentive. Inaccurate or incomplete records were a huge barrier to qualifying. Sometimes it was difficult for the School Districts to get accurate information on state-of-origin from suppliers. Often, the School Districts were not able to supply complete records of how the products had been used. The State Agency provided significant guidance to assist the School Districts in qualifying for the incentive (see the State Agency's [Memo](#) and [FAQs](#)), however the School Districts have complained that this was not enough assistance to successfully qualify for the incentive. In New York, the State Agency audited a sample of the products that the School Districts had labeled as local, rather than reviewing the entire year's receipts, as we would need to do under the current language in S. 273. To conduct these sample reviews took 2-3 staff members one day for each School District. A few audits were able to be conducted as desk audits, but many required site visits. In New York, the Office of the State Comptroller has given notice that they will be auditing the Department of Education's oversight of the program to ensure that no incentive payments were made incorrectly. This additional audit will use even more administrative resources. While a recent article in *Civil Eats* painted a very positive picture of the incentive, my counterparts did not feel that it was accurate. The School Districts who attempted to qualify and failed are very unhappy with the program, and are discouraging other school districts from attempting to qualify in the future.

What we suggest instead

Our recommendation is to use the funding that would have gone to the local food incentive to increase the existing state funding for breakfast, lunch, and summer meals. We recommend using the additional position at the Agency of Education to conduct outreach to onboard additional summer meals and after school meals programs to increase access to these programs for children around the state, and increase local food sales to these programs.

The state is already meeting its federal requirements for "state match" funding for school meals with current appropriations. However, increasing these funding pots is a way of directly increasing the funding available to school food authorities without requiring any additional administrative work from state or school level staff. Last year, the legislature increased the school level state match for lunch by \$75,000. The schools will receive this in March in a one-time lump sum payment that provides them an additional 2 cents (approximately) per lunch served from July-December. S. 273, as proposed, does increase the state funding for summer meals by \$75,000. The state level funding for this program, currently at \$51,387, has not been increased since at least 2007. Based on the number of meals served in 2019, the \$75,000 provided in this bill would mean approximately \$0.16 more per meal.

Vermont schools have the benefit of many years of farm to school leadership in our state. Because of those years of work, almost every single school food service manager in the state wants to be purchasing more local foods. The thing standing in the way is money. Our school meals programs are struggling already. At least one school board in Vermont is currently considering scrapping the school meals program all together at some of their schools because they can't find kitchen managers to staff the program. The reason they can't find kitchen managers is because they don't have the funding to pay a high enough salary to compensate for the difficulty of the work. While state law requires that public schools participate in the federal school meals programs, the law does offer an exception process. School meals programs in Vermont are already making significant local food purchases – particularly local and regional milk purchases, as milk must be offered to students at breakfast, lunch, and as part of at-risk after school meals and summer meals. If these programs become so unviable that they cease to operate at all, we will lose the local purchases they already make.

School food service managers want to be purchasing local foods. If they receive additional funds without strings attached, many of them will put those funds towards local foods purchases. Some of them will put the funds towards offering universal meals for all students. The rest will put the funds where they need them most – towards staffing, equipment, or basic needs to keep the program operational. Keeping the programs operational means that the local purchases those programs are already making continue to be made.

We appreciate that this bill's sponsors understand that a full-time employee would be necessary to conduct the new auditing work. However, that position would have a much greater positive impact if it was instead used for outreach work to onboard additional program sponsors who could be receiving federal funds through the child nutrition programs. Particularly in the area of the Summer Meals programs and the Child and Adult Care Food Program, we know there are many potentially eligible sponsors throughout the state and many children we are not currently reaching. CACFP and Summer Meals have both grown significantly in the last 10 years, but we still have only 1 staff member who manages the Child and Adult Care Food Program, and less than 1 staff member who manages the summer food service program. These two staff members are working at maximum capacity just to meet the bare minimum monitoring requirements for USDA for the sponsors that already exist. With an additional staff member splitting their time between these two programs, we would be able to onboard many potential sponsors, including homeless shelters, after school programs, libraries and Pre-K programs. If the legislature decides to increase staffing for AOE's child nutrition programs, we suggest that this staffing would be far more efficiently used to increase the number of sponsors - and therefore the number of children fed and amount of local food purchased – than conducting complicated audits of the local foods purchases that are already happening.

Changes needed to S. 273 if continuing with incentive

If the committee decides to proceed with S. 273 without substantial changes, the Agency of Education requests the following changes and clarifications:

- Add a \$50,000 one-time appropriation for modifications to the Agency’s claiming system to allow for the payment of the incentive to qualifying SFAs.
- Clarify whether this incentive is for only public schools, or if any school participating in the child nutrition program should receive the incentive. The federal child nutrition programs are available to state-approved and state-recognized independent schools in Vermont. A number of independent schools who serve predominantly low-income students currently participate in these programs.
- Clarify whether the incentive payment should be made for each breakfast, lunch, and summer meal, or whether it is just for each lunch served during the school year. The current language implies the incentive should just be paid for lunches served in the National School Lunch Program, but is a little ambiguous. For context, 7,544,462 lunches were served in the NSLP in School Year 18-19. If half of them qualified for the full 25 cent incentive, the cost to the state would be \$943,058.
- Clarify whether the financial value of the foods or the weight of the foods should be used to determine the quantity of local food purchases. Value is an easier metric to audit, however weight may be a more advantageous metric for schools trying to achieve the threshold.
- Clarify whether non-school sponsors of Summer Meals programs would qualify for the incentive. Private non-profit organizations, government entities, and non-profit residential camps also sponsor these programs.
- Clarify whether the thresholds should be reviewed by School Food Authority (Supervisory Union level), or school building/site. The Agency does not currently use the “School District” level when administering the Child Nutrition Programs. The references to “school boards” throughout the child nutrition-related statutes are actually a discrepancy between Title 16, Section 43(b) and Title 16, Section 1264 that may need to be resolved. The practice of the Agency is to follow Section 43(b) and treat the SU level as the School Food Authority, not individual school boards within an SU.
- Consider the role of value-added products (such as breads, ready-made entrees, snack items) and maple syrup. Many SFAs are currently counting these items when stating their local food purchasing achievements.
- Clarify whether Lunch, Breakfast, and Summer Meals should be considered all together, or as individual programs.
- Clarify the role of foods purchased for the Fresh Fruit and Vegetable Program, After School Snack Service, and At-Risk After School Snacks and Meals.