
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

Bill No: AB 2271 **Hearing Date:** June 13, 2018
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Urgency: No **Fiscal:** Yes
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Subject: School food authorities: federal equipment assistance grants: matching state grants.

SUMMARY

This bill requires the California Department of Education (CDE), upon appropriation by the Legislature and contingent upon federal funding, to provide a matching state grant of up to 100,000 to school food authorities participating in the federal National School Lunch Program that apply for and are awarded a federal Equipment Assistance Grant for School Food Authorities (SFAs).

BACKGROUND

Existing federal law:

- 1) Authorizes the U.S. Department of Agriculture (USDA) to provide \$25 million to state agencies (\$3 million for California) to competitively award eligible school food authorities equipment assistance funding. (Public Law § 115-31)
- 2) Specifies that state agencies must award these grants via a competitive grant process to SFA's, giving priority to high need schools where 50 percent or more of the enrolled students are eligible for free or reduced price meals. (PL § 115-31)

Existing state law:

- 1) Requires school districts or county offices of education with students in kindergarten or grades K-12 to provide one nutritionally-adequate meal to each free or reduced-price eligible student during each school day. (Education Code § 49550)
- 2) Defines "nutritionally adequate meal" as breakfast or lunch that qualifies for reimbursement under federal child nutrition program regulations. (EC § 49553)

ANALYSIS

This bill requires the CDE, upon appropriation by the Legislature and contingent upon federal funding, to provide a matching state grant of up to \$100,000 to school food authorities participating in the federal National School Lunch Program that apply for and are awarded a federal Equipment Assistance Grant for School Food Authorities. Specifically, this bill:

- a) States Legislature findings and declarations that the state strives to serve National School Lunch Program meals of the highest quality and greatest nutritional value possible.
- b) Requires the California Department of Education (CDE), upon appropriation by the Legislature, and contingent upon allocations provided by the federal Consolidated Appropriations Act, to provide a matching state grant of up to one hundred thousand dollars (\$100,000) to a school food authority participating in the federal National School Lunch Program that applies for and is awarded a federal Equipment Assistance Grant for School Food Authorities from the CDE in its administration of the National School Lunch Program.
- c) Requires the state appropriation to be for a minimum of two years and to align with the United States Department of Agriculture National School Lunch Program Equipment Grant for School Food Authorities terms and conditions, period of performance, criteria, timelines, and procurement and funding expenditure requirements.
- d) Authorizes a school food authority to use the federal and state grants for up to five individual schoolsites or may combine the federal and state grants for one purpose, such as creating a centralized industrial kitchen.
- e) Requires the state matching assistance grant to be competitively awarded and to align with the federal equipment assistance grant requirements.
- f) Requires unspent matching state grant funds to be retained by the CDE for one or more additional equipment grants, subject to the same requirements.

STAFF COMMENTS

- 1) Need for the bill. According to the author, “More than 3.2 million children in California participate in the National School Lunch Program each school day. Unfortunately, many school districts have not invested in the equipment and infrastructure necessary to maintain school kitchen/cafeterias, leaving them challenged in their efforts to serve healthy meals and meet children’s dietary needs without relying on prepackaged and “heat and serve” meals from outside vendors.

As a result, schools are having a particularly hard time adding more, and a greater variety of, fruits and vegetables to their daily menus. This is often because they lack large-capacity food processors, commercial grade stoves, and sufficient cold storage space. According to the USDA Farm to School Team’s 2010 Summary Report, insufficient processing and storage capacity in schools often prevent them from purchasing local produce, which must be stored and prepared under specific conditions. Further, a recent study discovered that each day in the Los Angeles Unified School District, students throw away at least \$100,000 worth of food that they are served for lunch; approximately 600 tons of organic waste daily.

In June 2017, the Agriculture Appropriations Act authorized the U.S. Department of Agriculture (USDA) to grant California approximately \$3 million to competitively award eligible SFAs equipment assistance funding. Public school districts that participate in the program may apply for up to \$100,000 in grant funding for up to five school sites. The grant is designed to help schools serve healthier meals with a focus on serving more fruits and vegetables, and improving food safety and energy efficiency. However, the funds are not matched by the State of California nor do school districts have the ability to combine grants within an SFA to equip a centralized preparation site that could serve multiple schools within a district.”

2) ***National School Lunch Program Equipment (NSLP) Assistance Grants.***

According to the USDA, state agencies must award these grants via a competitive grant process to school food authorities (SFAs), giving priority to high need schools (i.e., schools in underserved areas, schools with limited access to other resources, and age of food service equipment) where 50 percent or more of the enrolled students are eligible for free or reduced-price meals. In addition, SFA's must give priority to schools that did not receive a previous NSLP Equipment Assistance Grant. When developing the award selection criteria for grant recipients, State agencies should consider factors including, but not limited to, the following:

- a) Opportunities to realize meaningful impacts on nutrition and quality of meals (such as serving more local foods or replacing fryers with combination steamer-ovens).
- b) Strategies for adopting lunchroom changes that provide more convenience and appeal to the student population (e.g., highlighting healthier choices, redesigning menus that target healthier entrees/options).
- c) The availability of existing State and local funding for equipment purchases.
- d) Age of food service equipment.

3) ***Funding Goals.*** According to the USDA, in order to make the most effective use of the NSLP Equipment Assistance Grant funds, state agencies must include, as a focus area, equipment that improves the quality of school meals. Additional focus areas may include:

- a) Equipment that improves the safety of food served in the school meal programs.
- b) Equipment that improves the overall energy efficiency of the school food service operations.
- c) Equipment used to improve or expand participation in the NSLP and/or School Breakfast Program.

According to the U.S. Department of Agriculture (USDA), equipment requests may include new equipment, renovation of equipment, or replacement of equipment, but equipment competitively procured using these grant funds must be necessary, reasonable, and allocable. For example, while using these grant funds to purchase a walk-in freezer for school food service, or a salad bar, may be an allowable cost, building an extension to a cafeteria would be a capital expense that should be borne by the school district.

- 3) **Fiscal impact.** According to the Assembly Appropriations Committee, “The U.S. Department of Agriculture provides the CDE approximately \$3 million annually to competitively award grants to school food authorities to purchase equipment. Common equipment purchases include food carts, ovens, and dishwashers. CDE awards grants up to \$100,000 per school food authority, with priority given to first-time applicants and those with greater proportions of low-income students. In 2017, the program was oversubscribed, with CDE receiving 126 grant applications and awarding 57 grants averaging \$52,000 each.”

This means that in 2017, 59 applications were not funded. Additionally, in 2016, 90 applications went unfunded and in 2015, there 76 unfunded applications. *The committee may wish to consider* if the \$3 million in matching state funds might be better allocated to funding additional applications rather than doubling the size of applications that are funded.

- 4) **Related legislation.** AB 3043 (Berman, 2018) would authorize a school district to use cafeteria funds to also supplement the cost of providing universal breakfast and, with approval from the California Department of Education (CDE), to purchase a mobile food facility; (2) updates references to ensure that the CDE develops and maintains proper nutritional guidelines aligned to federal law; (3) doubles competitive grant awards to \$30,000 per schoolsite for nonrecurring expenses for initiating or expanding a school breakfast or federal summer meals program; and (4) requires the CDE to monitor schools participating in federal meal programs to ensure that meals served to students qualify for federal reimbursement.

SUPPORT

None received

OPPOSITION

None received

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