Foods Sold in Competition with USDA School Meal Programs

A Report to Congress
January 12, 2001

Introduction

This report fulfills the request from Congress in the House Appropriations Committee Report (House Report 106-619), which accompanied the Agriculture Appropriations Act for fiscal year 2001. The conference report included the following statement:

“The USDA invests a significant amount of money in the school nutrition programs. The Committee is concerned about the effect foods sold in competition with the school meal programs may be having on the integrity of the programs. Specifically, the USDA should review, and include in a report information on any statutory limits or judicial rulings that restrict the ability of the USDA to regulate these competitive foods. The Committee urges the USDA to review the effect that competitive foods may have on the school meal programs and to report back to the Committee on this subject.”

The Department of Agriculture (USDA) shares the Committee’s concern about the effect competitive foods are having on the nutrition integrity of and student participation in the school meal programs, and is pleased to have the opportunity to submit this report.

Definition of Competitive Foods

USDA defines competitive foods as foods offered at school, other than meals served through USDA’s school meal programs—school lunch, school breakfast, and after-school snack programs.

For purposes of this discussion, USDA will define two categories of competitive foods:

(1) Foods of minimal nutritional value (FMNV). These foods belong to specific categories that are described in Appendix B of the regulations for the National School Lunch Program. Current program regulations prohibit the sale of FMNV in the food service areas during the school meal periods [7 C.F.R. 210.11(b)]. The regulations do not prohibit their sale outside the food service area at any time during the school day. States and local school food authorities may impose additional restrictions.

(2) All other foods offered for individual sale. Regulations do not prohibit the sale of these foods at any time during the school day anywhere on the school campus, including the school food service areas. These foods range from second servings of foods that are part of the reimbursable school meal to foods that students purchase in
addition to or in place of a reimbursable school meal, such as a la carte sales and other foods and beverages purchased from vending machines, school stores, and snack bars.

**Background**

**Trends in Children’s Eating Behaviors**

A recent USDA analysis\(^{1,2}\) of the 1994-96 Continuing Survey of Food Intakes for Individuals (CSFII) noted these alarming trends in children’s eating patterns:

- Only 2 percent of school-aged children meet the Food Guide Pyramid serving recommendations for all five major food groups.

- Girls, ages 14 to 18, have especially low intakes of fruits and dairy products.

- Overall, the percentages of children meeting the recommended number of food group servings are 14 percent for fruit, 17 percent for meat, 20 percent for vegetables, 23 percent for grains, and 30 percent for milk.

- More than two-thirds of females, ages 14 to 18, exceed the recommendations for intake of total fat and saturated fat, but even greater percentages of children exceed these recommendations among the other age/gender groups.

- Children’s diets are high in added sugars. For all children, added sugars – including sugars used as ingredients in processed foods or added to foods as they are consumed—contribute an average of 20 percent of total food energy.

- Non-Hispanic blacks are at increased risk of low or inadequate intakes of calcium, phosphorous, and vitamin A and are also more likely to exceed the dietary recommendations for total fat, saturated fat, and sodium intake.

- Children are heavy consumers of regular or diet soda. Overall, 56 to 85 percent of children (depending on age and gender) consume soda on any given day. Teenage males are especially heavy consumers of soda, with over a third consuming more than three servings a day.

- All of the age/gender groups experienced a shift from milk products to soda and fruit drinks. The decrease in milk consumption tended to be larger for females than for males.
Related Health Issues

These trends have contributed to some serious diet-related health concerns:

- The prevalence of overweight among youth ages 6-17 years in the U.S. has more than doubled in the past 30 years; most of the increase has occurred since the late 1970s. Current evidence suggests that childhood overweight and obesity continue into adulthood.

- One of the most serious aspects of overweight and obesity in children is Type II diabetes. Type II diabetes accounted for 2 to 4 percent of all childhood diabetes before 1992, but skyrocketed to 16 percent by 1994. Overweight adolescents are much more likely to become overweight adults, with increased risk for developing heart disease and stroke, gallbladder disease, arthritis, and endometrial, breast, prostate and colon cancers.\(^3\)

- Failure to meet calcium requirements in childhood can hinder the achievement of maximal skeletal growth and bone mineralization. Getting enough calcium in the diet during childhood, adolescence, and young adulthood, to reduce the risk for osteoporosis later in life is particularly important for females.\(^4\)

Nutrition Contribution of School Meal Programs

Nutrition clearly has a major impact on children—on their health, their ability to learn, and on their potential for becoming healthy and productive adults. School meals make an important contribution to the nutrition of school-aged children. The recently published School Nutrition Dietary Assessment Study-II\(^5\) indicates that reimbursable meals selected by students exceed the Recommended Dietary Allowances (RDA) standard for key nutrients. According to a recently published USDA analysis\(^1\) of the 1994-96 CSFII data:

- National School Lunch Program (NSLP) participation is associated with higher average intakes of many nutrients, both at lunch and over 24 hours.

- NSLP participants have substantially lower intakes of added sugars than do nonparticipants.

- NSLP participants are more likely than nonparticipants to consume vegetables, milk and milk products, and meat and other protein-rich foods, both at lunch and over 24 hours; they also consume less soda and/or fruit drinks.

- School Breakfast Program participation is associated with higher intakes of food energy, calcium, phosphorous, and vitamin C.
Impact of Competitive Foods on the NSLP and SBP

While studies indicate that the school meal programs do contribute to better nutrition and healthier eating behaviors for children who participate, competitive foods undermine the nutrition integrity of the programs and discourage participation.

**Competitive foods have diet-related health risks.** With no regulated nutrition standards, competitive foods are relatively low in nutrient density and are relatively high in fat, added sugars and calories. When children replace school meals with these less nutritious foods and beverages, there is the risk that their daily dietary intake will be inadequate in key nutrients necessary for growth and learning. And when competitive foods are purchased in addition to school meals or in large quantities, there is the likelihood of over consumption and the risk of unhealthy weight gain.

**Competitive foods may stigmatize participation in school meal programs.** When the NSLP was established in 1946, it was recognized as a program for all children. In fact, there were no Federal funds specifically earmarked for free meals for students until the 1960s. Over the years that view has shifted in many schools. Since only children with money can purchase competitive foods, children may perceive that school meals are primarily for poor children rather than nutrition programs for all children. Because of this perception, the willingness of low-income children to accept free or reduced price meals and non-needy children to purchase school meals may be reduced. In the last 20 years, school enrollment increased 6.8 percent, yet participation in school meals declined 1.2 percent. It is important to note that States with restrictive competitive food policies—like Louisiana, West Virginia, Georgia, and Mississippi—maintain rates of participation in school meal programs that are higher than the national average.

**Competitive foods may affect the viability of school meal programs.** The increase in the sale of competitive foods with its attendant decrease in student participation in the NSLP has implications for the overall viability of the program. While a la carte sales bring additional revenues to school food service programs, declining participation results in decreased cash and commodity support from USDA for school meals. This reduction in Federal funds may also contribute to less interest on the part of schools in maintaining quality school meal programs that meet established nutrition standards. This undermines the substantial Federal investment in the program to provide healthful meals for the Nation’s children.

**Competitive foods convey a mixed message.** When children are taught in the classroom about good nutrition and the value of healthy food choices but are surrounded by vending machines, snack bars, school stores, and a la carte sales offering low nutrient density options, they receive the message that good nutrition is merely an academic exercise that is not supported by the school administration and is therefore not important to their health or education.
**Statute/Judicial Rulings/Regulations**

The statute and regulations currently in effect allow schools to offer competitive foods in ways that can undermine the effectiveness of the school meal programs and discourage student participation.

**Statute**

Section 10(a) of the Child Nutrition Act of 1966 (CNA), as amended by P.L. 95-166 in 1977, directs USDA to issue regulations relating to the service of foods in competition with the NSLP and SBP. The law does not provide specifics about how competitive foods should be regulated, and there is no specific authority enabling USDA to regulate beyond the food service area during meal periods.

Section 10(b) of the CNA permits proceeds from the sale of competitive foods in food service areas during meal periods to inure to the benefit of schools or student organizations as well as to the food service account. This wording inadvertently supports the notion that food sales are an excellent way to increase funds for the schools or student organizations. This puts schools in the position of competing with their own school meal programs for revenue, contributing to decreases in student participation in the school meals programs with the related loss of revenue to support the viability of the programs.

**Court Ruling**

On November 15, 1983, a Federal court overturned the regulation in effect at that time prohibiting the sale of FMNV anywhere in the school from the beginning of the school day until after the last meal period. The court held that Congressional intent was to prohibit restricted foods only in the food service area during meal periods. Following this ruling, USDA amended the regulations to limit the prohibition to the food service areas during meal periods.

**Regulations**

The broad directive of the law is implemented in Section 210.11 of the NSLP regulations and Section 220.12 of the SBP regulations. These regulations require State agencies and local school food authorities to establish such rules or regulations as are necessary to control the sale of competitive foods. At a minimum, these rules or regulations must prohibit the sale of FMNV in the food service areas during meal periods. State agencies and local school food authorities are authorized to impose additional restrictions on the sale of competitive foods. However, the regulations do not specify when it is necessary for States and local schools to establish regulations. Nor do the regulations require State agencies to take sanctions when a school’s competitive food practices are found to violate regulatory requirements.
The Changing School Environment

In the initial years of the NSLP, reimbursable school lunches were the primary source of foods for students at schools. Today in middle/junior high and senior high schools, they represent a smaller part of the school food environment, and this trend is emerging in elementary schools as well. Many schools now provide increased food options: foods are for sale in vending machines, school stores and snack bars; and a la carte foods are for sale in the cafeteria. In addition, the less nutritious options are now available to students at younger ages than ever before. Long considered a high school problem, competitive foods are often seen in middle/junior high schools, where students are particularly vulnerable to peer pressure, and even in elementary schools, where food preferences are most easily influenced.

The decisions for schools to provide these alternatives are driven by a variety of factors.

**Students’ preferences.** One of the biggest challenges school meal program managers face is the competition with foods that are marketed to children through multi-million-dollar, glitzy, and sophisticated advertising campaigns. Today’s students come to school with established preferences for fast foods, sweetened beverages and salty snacks. In addition, students often prefer visiting with friends around vending machines or snack bars to standing in a long line for a school meal and eating it in a crowded cafeteria.

**Increased financial demands and limited resources.** With increasing financial pressures and limited resources, schools often put nutrition at the bottom of the priority list. School food service programs, which were once regular line items in local school operating budgets, must often be completely self-supporting. Many schools are compensating for the loss of funds due to budget cuts by increasing prices for school meals and/or increasing the sale of a la carte foods and fast food options in the school dining room.

**“Pouring rights” contracts.** For many schools, competitive foods, especially carbonated beverages, represent a source of additional income that can be spent for discretionary purposes not necessarily related to food service. There has been a recent trend for school districts to negotiate exclusive “pouring rights” contracts with soft drink companies. Many of these contracts have provisions to increase the percentage of profits schools receive when sales volume increases. This is a substantial incentive for schools to promote soft drink consumption by adding vending machines, increasing the times they are available, and marketing the products to students.

**Preparation and serving space limitations.** As school populations expand and budgets shrink, schools give higher priority to building classrooms than to expanding the food service facilities. Food service facilities are often inadequate for preparing and serving appealing school meals to all students. The Food Service Equipment Assistance Program, designed to help financially needy schools buy the equipment necessary to efficiently prepare and serve school meals, was eliminated in 1981. In some schools,
inadequate seating capacity requires lunch periods to begin as early as 10:00 a.m. and end as late as 1:30 p.m. With inadequate dining facilities and insufficient time to eat, many students turn to less nutritious foods that are readily accessible in vending machines and snack bars.

**Inadequate meal periods.** Another complicating factor in the competitive foods issue is the pressure on schools for academic performance. In an attempt to provide additional classroom time during the existing school day, schools—particularly high schools—frequently reduce the length of meal periods. Many schools schedule tutoring, club meetings and other extracurricular activities during meal periods. Consequently, children choose foods they can get and eat quickly—or skip meals altogether.

**Lack of education standards for school food service directors or managers.** Finally, there are no national standards for school food service directors or managers. As a result, levels of education vary from advanced degrees to less than a high school education. In Louisiana, which has the highest level of school lunch participation in the country, a minimum requirement for State certification as a Child Nutrition Program Director/Supervisor is a master’s degree in home economics, institutional management, nutrition or dietetics from an accredited institution of higher learning and specific course requirements in nutrition. Appropriate standards are necessary to ensure that school food and nutrition professionals themselves understand the nutrition and health issues associated with competitive foods. Such standards are also necessary for the professional to handle the varied responsibilities of the job—such as dealing with multimillion-dollar budgets, serving as a spokesperson for children’s nutrition needs to the school administration and the community, and being included as a full partner in the education process.

**Addressing Change: Response by USDA and Other Organizations**

**USDA Initiatives**

**The School Meals Initiative for Healthy Children (SMI).** In 1995, USDA launched the SMI to improve the nutritional quality of meals served under USDA’s NSLP and SBP. Several events during the early 1990s gave impetus to this nutrition initiative:

- *Healthy People 2000*, with national health objectives including specific objectives for child nutrition programs;

- The revised *Dietary Guidelines for Americans*, which recommended limiting total fat to 30 percent of calories and limiting saturated fat to less than 10 percent of calories;

- The *Food Guide Pyramid*, developed by USDA, supports the *Dietary Guidelines for Americans*; and
• The School Nutrition Dietary Assessment (SNDA) study of 1993, which indicated that students who purchased a reimbursable school meal consumed more sodium and a higher percentage of calories from total fat and saturated fat than recommended.

The SMI required schools to meet the following nutrition standards in meals provided by the NSLP and SBP:

• School lunches must provide 1/3 of the RDA for protein, calcium, iron, vitamin A, and vitamin C to the applicable age or grade groups and must also provide 1/3 of the calories needed by growing children based on the appropriate age/grade group; school breakfasts must provide 1/4 of the RDA for the same five nutrients and 1/4 of the necessary calories appropriate for the age/grade group.

• School meals must meet the recommendations of the Dietary Guidelines for limiting calories from total fat to 30 percent or less and saturated fat to less than 10 percent.

• In addition, school meals must reduce the level of cholesterol, moderate the use of salt and sodium, and include more dietary fiber.

These nutrition standards do not apply to a la carte foods sold in the school cafeteria, nor do they apply to other foods and beverages sold throughout the school in school stores, snack bars and vending machines.

Team Nutrition. To help with implementing the SMI in 1995, Congress provided funding to establish Team Nutrition for helping schools meet the new nutrition standards. The major emphasis was first on training and technical assistance to ensure that school meals met both the nutrition standards and the cultural and ethnic preferences of diverse student populations. The second emphasis was on nutrition education that would encourage students to want to eat the meals. While Team Nutrition develops behavior-focused materials and messages for nutrition education and training for States, the loss of Nutrition Education and Training (NET) funding has hampered the State infrastructure necessary to train teachers and cafeteria staff and to deliver these nutrition education messages to local schools across the country.

Team Nutrition Materials. USDA’s Food and Nutrition Service has used Team Nutrition funding to develop a comprehensive package of materials that encourages children to make healthy eating and physical activity choices to foster their long-term health and well being. These materials help educate students about what healthy choices are and why it is important to make healthy choices—and motivate them to change their behavior.

Prescription for Change. USDA recognized that real change must be initiated and supported at the local level by a wide variety of interested and respected groups. In June 1999, USDA convened a forum at which school officials, educators and health experts from around the country had the opportunity to discuss the role of the school environment on healthy eating behavior and suggest ways to foster change. More than one hundred
persons from the nutrition, education, medical, academic and business communities attended this forum and shared ideas and information with USDA officials. In November 1999, USDA also hosted a medical association roundtable to address the same issues.

Following the medical association roundtable, the USDA collaborated with five leading medical and health associations (the American Academy of Pediatrics, the American Dietetic Association, the American Academy of Family Physicians, the National Medical Association and the National Hispanic Medical Association) to develop a joint statement and “prescription for change” for improving the school nutrition environment. This list, called the “Ten Keys to Promoting Healthy Eating in Schools” was released jointly by USDA and the medical/health associations in June 2000 and is being used by members of these associations in promoting a healthy school nutrition environment.

**Changing the Scene.** A second project, called “Changing the Scene: A Guide to Local Action” is an action kit that was developed to support the ideas generated by the participants at the 1999 forum. The kit was developed with the help of 16 groups, including government agencies and professional nutrition, health, and education organizations. The components of the kit include a brochure that describes how States, schools and communities can promote a healthy school nutrition environment, a video, presentation materials on a CD ROM, and reproducible materials that can be used by anyone in the community interested in having their schools promote environments for healthy eating and physical activity.

**Responses of Nutrition, Health, and Education Organizations**

In recent years, numerous professional nutrition, health, and education organizations and government agencies have indicated concerns with the increasing prevalence of competitive food sales in schools and with the impact of competitive foods on children’s health and on the nutrition integrity and viability of the school meal programs.

In the early 1990s, the Center for Science in the Public Interest and the American School Food Service Association (ASFSA) urged tighter controls of competitive foods and argued that the current Federal statute regarding competitive foods is inadequate to restrict the sale of foods of low nutrient value on school campuses.9, 10

In 1990, the ASFSA conceptualized the term nutrition integrity—a guaranteed level of performance that assures that all foods available in schools for children are consistent with Recommended Dietary Allowances and the Dietary Guidelines for Americans and, when consumed, contribute to the development of lifelong, healthy eating habits.” ASFSA developed 11 core concepts of nutrition integrity—known as Keys to Excellence.12 The organization also developed a document, Creating Policy for Nutrition Integrity in Schools, to encourage local school districts to adopt a district-wide nutrition integrity policy.13

In 1997, the Institute of Medicine’s Committee on Comprehensive School Health recognized that school nutrition programs in many communities are expected to be financially independent with little or no local monetary support. The Committee
recommended that school meal programs should serve as a learning laboratory for developing healthful eating habits and should not be placed in a profit-making or competitive situation with other food options in schools.\textsuperscript{14}

The \textbf{American Dietetic Association} (ADA) has addressed this problem as well. In early 2000, ADA declared, “it is the position of ADA that the school and community have a shared responsibility to provide all students with access to high-quality foods and nutrition services as an integral part of the total education program. Educational goals, including the nutrition goals of the NSLP and SBP should be supported and extended through school district policies that create an overall school environment with learning experiences that enable students to develop lifelong healthful eating habits.” The ADA’s position statement\textsuperscript{15} stressed the importance of its support of a nutrition integrity policy, citing the definition of “nutrition integrity” adopted by ASFSA in 1990.

\textbf{Healthy People 2010}\textsuperscript{16} recognizes the role of all meals and snacks at school in the development of eating patterns that have an impact on overweight and obesity. Objective 19:15, asks for action “to increase the proportion of children and adolescents, aged 6 to 19, whose intake of meals and snacks at schools contributes proportionally to good overall dietary quality.”

The issue is also prominent in guidelines published by the \textbf{Centers for Disease Control and Prevention} (CDC), which include seven recommendations for ensuring a quality nutrition program within a comprehensive school health program. The first and overarching recommendation is to “adopt a coordinated school nutrition policy that promotes healthy eating through classroom lessons and a supportive school environment.” The guidelines also recommend policies for all food and nutrition activities in schools, including nutrition guidelines for food and beverages sold in vending machines, school stores, snack bars, and a la carte items in the school cafeteria; foods sold at fund-raising events; classroom food used as rewards by teachers; corporate sponsored nutrition education materials; in-school advertising of food products; and product giveaways.\textsuperscript{17}

Education organizations are beginning to focus on this issue as well. In 2000, the \textbf{American Federation of Teachers} (AFT) adopted a resolution denouncing the sale of competitive foods and the sale of foods of minimal nutritional value as detrimental to students’ consumption of school meals and the development of sound eating habits. In its March 2000 publication, “Fit, Healthy, and Ready to Learn: A School Health Policy Guide”\textsuperscript{18}, the \textbf{National Association of State Boards of Education} stated “students’ eating habits are greatly influenced by the types of food and drink that are available to them.” The association urged that policies intended to promote healthy eating address all food and beverages sold or served to students, including those available outside of the school meal programs.
Next Steps

Nutrition has a major impact on the health and education of America’s children, and USDA’s school meal programs have made a significant contribution to students’ diets for more than 50 years. The recently released SNDA-II report demonstrates that schools are making remarkable progress in meeting nutrition standards mandated by Congress in the Healthy Meals for Healthy Americans Act of 1994. However, the study indicates that students do not always select these nutritious school meals. Additionally, the SMI First Year Report indicates that the number of snack offerings is growing in an increasing number of schools. The unrestricted availability of competitive foods jeopardizes both the effectiveness of the programs and children’s motivation to participate.

While USDA has been able to develop valuable educational initiatives and mobilize influential nutrition and health organizations to promote a healthy school nutrition environment, its efforts to establish an effective competitive foods policy has been constrained by current legislation. USDA and the Congress must work together to forge a national nutrition policy. USDA requests that the Congress consider the following actions recommended by program operators and other partners to strengthen USDA’s ability—and the ability of the States and local schools—to foster a healthier school nutrition environment in communities across America.

1. Strengthen the statutory language to ensure that all foods sold or served anywhere in the school during the school day meet nutrition standards.

2. Strengthen the statutory language to insure that revenue from all competitive food sales throughout the school inure solely to the school food service account. This is consistent with a recommendation made by the ASFSA.

3. Require States to establish reasonable lengths for meal periods. Congress addressed this concern in the conference report that accompanied the 1998 Child Nutrition Program’s Reauthorization by encouraging schools to establish adequate meal periods. However, USDA lacks authority to mandate standards for meal periods, States have not established such standards, and eating time remains a low priority for many schools.

4. Provide financial incentives to State agencies to establish specific education and training standards for local school food service directors and managers.

5. Authorize financial assistance to schools for the purchase of food service equipment that is necessary for preparing and serving school meals.

6. Include funding for cafeteria and dining space for school meals in any Federal school construction legislation. This would result in adequate facilities for school food service personnel to prepare tasty, appealing, and nutritious school meals; and for
students to eat with their friends in a comfortable environment and develop healthy eating habits.

7. Amend the current requirements for State revenue matching funds to increase the level of State funding for local school food services. This would increase the States vested interest in encouraging local schools to provide efficient, effective school food service.

USDA recognizes that some of these steps have budgetary implications. USDA is not submitting these as part of a budgetary proposal, but would like the opportunity to discuss them in an appropriate forum.
References