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Authority: National School Lunch Act of 1946 (P.L. 79-396).

There are shortcomings in both the evaluation and the performance of the School Lunch Program. Recommendations: The Secretary of Agriculture should require a formal, systematic evaluation of the National School Lunch Program's performance in meeting legislative objectives and should determine the nutritional standards needed for the program. The Congress should: require the Department of Health, Education, and Welfare (HEW) to assist the U.S. Department of Agriculture (USDA) in evaluating the school lunch program's health impact on children; review USDA's program evaluation plan before implementation to make certain that it will provide adequate information for program oversight, that it uses the resources and expertise of USDA and HEW in a manner that benefits the evaluation, and that it is in keeping with the respective missions of each agency; require the Secretary of Agriculture, on completion of the school lunch program evaluation, to provide a comprehensive report of his findings, together with any recommendations he may have with respect to improving program effectiveness; and provide policy guidance indicating specifically what the goals of the program should be and what the priorities are, and have the program evaluated accordingly. (SC)

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REPORT TO THE CONGRESS

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

Summary Of A Report: The National School Lunch Program-- Is It Working?

**Departments of Agriculture and
Health, Education, and Welfare**

This is a summary of a report to the Congress (PAD-77-6) on the impact and effectiveness of the National School Lunch Program. The report identifies shortcomings in both the evaluation and performance of the School Lunch Program. It recommends specific actions for improving the effectiveness and efficiency of program services.

Areas discussed include

- schoolchild health,
- children in need of nutrition,
- operating efficiency, and
- relationship of the program to the Nation's agricultural economy.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-111810

To the President of the Senate and the
Speaker of the House of Representatives

This report is a summary of our report to the Congress (PAD-77-6), "The National School Lunch Program--Is It Working?" which is being released concurrently.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), the Accounting and Auditing Act of 1950 (31 U.S.C. 67), and the Legislative Reorganization Act of 1970 as amended by title VII of the Congressional Budget Act of 1974 (31 U.S.C. 1154).

Copies of the report are being sent to the Director, Office of Management and Budget; the Secretary of Agriculture; and the Secretary of Health, Education, and Welfare.

A handwritten signature in black ink, reading "James B. Stacks".

Comptroller General
of the United States

PREFACE

This report summarizes the findings and recommendations presented in our principal report (PAD-77-6), "The National School Lunch Program--Is It Working?"

The principal report focuses on what we believe to be the main issue in evaluating the school lunch program--its effectiveness in meeting its stated legislative objectives (safeguarding health and increasing food demand).

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INTRODUCTION

The National School Lunch Program (NSLP), authorized by the National School Lunch Act of 1946 (Public Law 79-396) and expanded in more recent legislation, is the largest of several federally funded child-feeding programs.

As stated in the authorizing legislation, NSLP's objectives are " * * * to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other food. * * *" To do this, the Federal Government encourages and assists public and nonprofit private schools of high school grade and under to serve well-balanced lunches to children. This assistance includes:

- A basic cash and donated food subsidy for all lunches, with additional cash reimbursement for meals served free or at reduced prices to children who cannot pay the full price.
- Nonfood assistance funds to help needy schools acquire food service equipment.
- State administrative expense funds to partially reimburse States for undertaking the additional administrative activities required by the program.
- Limited funds to undertake program-related nutritional education and training projects, studies and surveys of food service requirements, and special development projects.

From 1947 to 1975 NSLP has increased in Federal expenditure from less than \$100 million to more than \$1.7 billion (cash and commodities). In fiscal year 1975 children's payments approximated \$1.3 billion; State and local contributions amounted to \$850 million. In the same year, about 88,800 schools (approximately 81 percent of the Nation's total) were members of NSLP, making program lunches available to almost 88 percent of all schoolchildren. Over 25 million children (56.7 percent of the NSLP enrollment) participated in the program; nearly 39 percent of these children received free or reduced-price lunches.

Between 1946 and 1970, there was continuous growth in the size of the U.S. schoolchild population. That trend peaked at 52.1 million students in 1970; and by 1975, school

enrollment had declined by about 1.2 million students. The decline, associated with a drop in birth rates during the 1960s, has to date affected only elementary school enrollment.

Current census projections indicate further declines in school enrollment. Compared with 50.9 million students enrolled in 1975, the 1980 enrollment in regular day schools is expected to be between 45 and 47 million.

The continuing decline in U.S. enrollment and the current shift of students from elementary to secondary schools (where lunch program participation has traditionally been lower) create downward pressures on NSLP participation levels. Of course, many other factors, such as expanded program availability, changes in lunch prices, and improvements in the attractiveness of program lunches, may interact to change participation.

In general, we believe that the basic program structure provides an adequate framework for the large-scale feeding of schoolchildren. It appears, however, that there are substantial opportunities for improving the efficiency and effectiveness of the program.

PROGRAM ISSUES

Though the program has been in operation for three decades and many studies have been made, we did not find a comprehensive evaluation of the program's effectiveness in meeting its stated legislative objectives. Though many of the reports contain important information on program performance, the information generally has not been evaluated and assembled in a way to assist the Congress in apportioning scarce budget resources, in considering program revisions, and in overseeing program administration. Four issues, which we believe are the fundamental topics of an NSLP evaluation, have not been satisfactorily resolved.

1. What is the program's impact on the participants? Does the program, nationally, safeguard children's health?
2. What is the program's impact on the consumption of agricultural commodities? Do children consume more agricultural products under NSLP than if it did not exist? And how does the change in consumption, if any, affect the Nation's agricultural economy?

3. Is the program reaching the defined target population? To what extent are nutritionally needy children participating in NSLP and what are the health conditions and dietary habits of those who do not participate?
4. To what extent are the specified services provided? And, in relation to alternative ways of providing these services, are program services provided in the most cost-effective manner?

The National School Lunch Act of 1946 established two major objectives: (1) to safeguard health through a program of nutrition intervention and (2) to supplement farm income by increasing food demand. Over the ensuing years, national priorities changed; NSLP has become primarily focused on one objective--safeguarding schoolchildren's health.

To help meet this objective, legislation requires that lunches served by schools participating in NSLP shall meet the minimum nutritional requirements prescribed by the Secretary of Agriculture. The Secretary's requirements, however, have never been set forth as a simple nutritional standard per se (e.g., that a lunch should provide one-third of a participant's recommended dietary allowances (RDA)). Instead, they prescribe the use of a meal pattern requiring specified quantities and groups of foods which, on the average, should provide one-third of a schoolchild's RDA. The current meal standard, the type A pattern, is composed of:

- One-half pint of fluid milk. 1/
- Two ounces (edible portion) of lean meat, poultry, or fish; an equivalent quantity of an alternate such as cheese, cooked dry beans or peas or peanut butter, or an equivalent combination of any of these.
- A three-fourths cup serving of two or more vegetables or fruits (full strength fruit or vegetable juices may be counted as part of this requirement).
- One slice of whole grain or enriched bread, or an acceptable equivalent. 2/

1/The definition of milk was expanded in 1973 to include fluid forms of whole, low-fat, skim, cultured buttermilk and flavored forms of these milks.

2/In 1974, the definition of bread was expanded to include crackers, taco shells, pizza crust, etc.

--One teaspoon of butter or fortified margarine. (This requirement was deleted from the pattern in June 1976.)

This food-based pattern (developed in 1946) provides a practical means for insuring that all food service personnel, regardless of their training, can understand the program's nutritional requirements. The pattern also reflects the fact that, until recently, most schools prepared lunches primarily from raw ingredients.

This lunch--as designed, served, and eaten--is, in our opinion, one of the most crucial factors affecting program effectiveness. The quantity and type of food included in the lunch largely determine its cost and the amount of agricultural commodities consumed. The price and presentation of the lunch determine how well the program reaches the Nation's schoolchildren. And, the nutritional qualities of the lunch determine how well the program safeguards health.

The type A pattern imposes definite limitations on the form and content of an NSLP lunch. Milk, for example, is mandatory whether or not juice is served; and two or more vegetables or fruits must be included in the lunch. On the other hand, one-third RDA can be provided in a variety of lunch styles. As stated by Dr. Jean Mayer, Professor of Nutrition at the Harvard School of Public Health:

"American eating habits have changed drastically in the last 20 years and today's typical lunch is not usually a full-sized meal. Peanut butter or ham and cheese on whole-grain bread, a glass of milk and fruit or a glass of orange juice, is a nutritious and well-balanced meal, and more in keeping with today's eating habits. Food does little good unless it is eaten. And now, of all times, we can ill afford to waste either money or food. Perhaps we should begin to change the school lunch program by trying to save food and money. We will be better able to feed every child in need."

HEALTH IMPACT

Although studies show that the school lunch, when paired with a nutritional supplement or with the school breakfast, can affect the nutritional levels of schoolchildren, their findings about how the lunch itself affects either nutritionally deprived or nutritionally adequate participants are inconclusive. In our opinion, the absence of any indication that the program is having a net beneficial impact on

schoolchildren's health raises some questions about the effectiveness of the nutritional aspects of the lunch itself. The type A lunch does appear to be effective in supporting the program's agricultural objective (increasing food intakes), but we are not convinced that it represents the best available choice for a nutritional standard. In comparison with other types of lunch standards, the type A lunch:

- Appears relatively ineffective in achieving the program's nutritional objective. The lunch, as a standard meal served to all participants, does not appear to deal well with diverse nutritional problems. An alternative meal standard--providing more flexibility in the content and/or portion sizes--may improve the program's nutritional impact.
- May increase the cost of program lunches (thereby discouraging the participation of paying students).
- Is often presented in a form which discourages student participation and contributes to food waste.

Nutrition, the lack or the excess or the quality of it, appears to be a problem for millions of the Nation's schoolchildren. The threat is not overt, as in deficiency diseases such as beriberi or scurvy. It is much more complex, often without visible signs, and usually associated with one or more of the following:

- Deficiencies in RDA nutriture, which may impair growth, development, and the ability to withstand infectious diseases.
- Excessive intakes of calories, which may contribute to the development of heart and allied diseases.
- Poor choices in the nonnutrient part of diet, which may contribute to the development of diseases such as tooth decay and, in the opinion of some authorities--though not yet accepted as scientific fact--may contribute to hypertension and bowel cancer.

While these problems indicate a need to place greater emphasis on the subject of nutrition education, it should be recognized that such actions are traditionally the prerogative of State and local governments. NSLP's authorizing

legislation expressly prohibits the program from imposing any requirement relative to the teaching of nutrition to schoolchildren. The program's health impact, therefore, is directly dependent on the benefits of eating a program lunch.

In our opinion, the design of the NSLP lunch needs to be reassessed. Not only does the program's single meal pattern appear "out-of-phase" with the needs of schoolchildren, it also has an inherent capability for producing undesired side effects. 1/ Indications are that the current lunch

- provides a valuable source of nourishment for some children;
- may contribute to obesity in others; and
- is relatively ineffective in improving iron nutriture (the most prevalent deficiency reported for schoolchildren).

Despite annual subsidy outlays in excess of a billion dollars, the Department of Agriculture (USDA) has not obtained a comprehensive evaluation of the school lunch program. The program's goals notwithstanding, over a billion dollars of public funds are spent each year without any objective evidence that the program is, in fact, safeguarding schoolchildren's health. These considerations, coupled with the possibility that the

1/In commenting on our report the Department of Health, Education, and Welfare (HEW) stated:

"The report criticizes the regular Type A school lunch because it contributes to obesity in some children and has not been able to improve iron nutriture. Since the report elsewhere concluded that present studies of NSLP are inadequate to evaluate nutritional impact, it is premature to implicate the program on these grounds. This is particularly true since, as the report points out elsewhere, the school lunch provides only one-sixth of the meals of the participants and can, therefore, only be a supplement to home meals."

We wish to give special emphasis to the fact that our report states a need for further evaluation of NSLP's health impact. It does not provide scientific evidence that NSLP as a whole fails to improve iron nutriture, or that it promotes obesity. On the other hand, it does bring (cont. on following page)

program may have adverse side effects (promoting obesity), indicate a need for further program evaluations. Some considerations which we believe are important in evaluating NSLP's health impact are:

- The evaluation process, in addition to determining the program's impact on nutritional status, should also monitor the program's influence on selected health conditions (e.g., the designers of an NSLP evaluation should consider the feasibility of detecting the program's influence on features such as the incidence and duration of illness, hypertension, tooth decay, etc.).
- The evaluation process should selectively focus on those diet variables which are considered to be the most strategic to NSLP goals, either in the sense that they have the greatest impact on individual health or that they, better than any others, show whether NSLP is safeguarding the overall level of schoolchild health as expected (e.g., capable of detecting positive and negative health impacts).
- Although the evaluation process may be constrained to a comparatively small sample of children, there is an implicit requirement for evaluation results to be expressed in terms of their impact on the overall NSLP population. A sample designed to show the program's impact on specific health/nutrition problems may provide the best means of rendering such estimates.

(cont. from preceding page) together evidence that: (1) obesity and iron deficiencies constitute a nutritional problem among schoolchildren, (2) the NSLP lunch increases food consumption without distinguishing between the needs of underfed and overweight children, and (3) where studied, the NSLP lunch has been found to provide less than one-third of a schoolchild's RDA for iron. Most of the studies which have attempted to evaluate NSLP's health impact focused on its ability to improve iron nutriture. Aside from being inconclusive, not one of the studies showed any indication of improving iron nutriture. On the other hand, such studies have found indications of an increased prevalence of obesity among NSLP participants. These findings, while not necessarily representative of NSLP as a whole, are a cause for concern, and justify further evaluations of the program's health impact.

Recommendation

As a means of resolving existing uncertainties and improving program effectiveness, the Secretary of Agriculture should require a formal, systematic evaluation of NSLP's performance in meeting legislative objectives. The evaluation should be coordinated to utilize the expertise and resources of HEW in all matters pertaining to the health and nutritional status of schoolchildren; and to provide effective and timely reporting of information needed for congressional oversight.

AGENCY COMMENTS AND OUR EVALUATION

HEW advised us by letter dated April 14, 1977, that it was willing to assist USDA in carrying out the intent of our recommendation.

USDA in a letter dated April 20, 1977, told us that it recognized the need for a comprehensive evaluation of NSLP's effectiveness in meeting legislative objectives. USDA stated that an evaluation plan projecting FNS's research plans over the next 5 years has been drafted and is currently under review. It said that the plan calls for developing a methodology for assessing NSLP's nutritional impact but that, since the plan was under review and subject to change, it was not presently available for our review.

Since we have not reviewed USDA's plan, we have no means of assessing whether or not it will provide for an effective program evaluation. We do note, however, that USDA's comments do not make any reference to the considerations that we believe are important to the design of such an evaluation or to the recommended coordination with HEW.

Other parts of the letter stated that "It has never been the philosophy of the Department that the basis for the NSLP is to serve as a nutrition intervention program to prevent a state of disease" and that

"because of the relatively small proportion of the total nutritional requirements the NSLP is expected to provide and the complexities associated with determining nutritional status, it is questionable that such a study would be successful in accomplishing its objectives."

We view the apparent contradictions in USDA's position with some concern. In our opinion, the Congress has provided substantial funding and a clear mandate for the program to safeguard schoolchild health. It is possible that NSLP is safeguarding health but, based on present information, it is equally likely that Federal funds are being spent on a program that is not meeting its objectives. We believe that NSLP can and should have a beneficial influence on school-child health. To insure this effect, positive actions must be taken toward evaluating the program's performance. Such actions and priorities are not obvious in USDA's comments.

Recommendation to the Congress

In view of the emphasis that the Budget and Impoundment Control Act of 1974 places on program evaluation, and considering the Congress' overall desire for meaningful oversight information, the Congress should:

- Require HEW, the department primarily responsible for research related to schoolchild health, to assist USDA in evaluating the school lunch program's health impact.
- Review USDA's program evaluation plan before implementation to make certain that it will provide adequate information for program oversight, and that it uses the resources and expertise of USDA and HEW in a manner which benefits the evaluation and is in keeping with the respective missions of each agency.
- Require the Secretary of Agriculture, on completion of the NSLP evaluation, to provide a comprehensive report of his findings, together with any recommendations he may have with respect to improving program effectiveness.

NOTE: The Congress should also be aware that legislation prohibits NSLP from imposing any requirement relative to the teaching of nutrition to schoolchildren. The effectiveness of nutrition education programs is therefore not addressed in this report. We are, however, currently reviewing such programs on a broader scale.

AGRICULTURAL CONSIDERATIONS

Though we found indications that children probably consume a larger quantity and variety of commodities under NSLP than would otherwise be expected, we noted that comparatively little has been done to determine the program's impact on the agricultural economy. We do not know for sure how the program affects the farm and market price of food, and we cannot be certain as to the program's effectiveness as a price-support mechanism. Nevertheless, we believe that NSLP, through substantial purchases of foods in local markets and as an outlet for foods acquired under USDA price stabilization and surplus removal actions, has probably strengthened the overall demand for farm products.

On the other hand, we found indications that the program's agricultural emphasis, at times, may conflict with the effective attainment of its nutritional objectives. There is presently some controversy among school food service directors as to the influence of the type A meal pattern and/or USDA's commodity distributions on NSLP's effectiveness as a nutrition program. The areas of controversy can be summarized as follows:

- Type A meal pattern. School food service personnel appear to be almost evenly divided in their opinions of USDA's type A meal pattern: half believe the pattern is needed to safeguard the program's nutritional standards, and half believe that the pattern inhibits student participation. The latter group emphasizes that one-third RDA can be met in many forms and that the inflexibilities of USDA's food pattern contribute to: higher costs, food waste, and a meal design which is not representative of today's eating styles.
- USDA's commodity distributions. Current legislation mandates a guaranteed level of commodity assistance which, except in special circumstances, is provided in the form of foods acquired under USDA price stabilization and surplus removal actions. In essence, a sizeable share of NSLP foods are provided without regard to the menu planner's desires. Many school food service directors believe that USDA's commodity distributions provide high quality foods at substantial cost savings which, by keeping meal prices low, encourage higher levels of student participation. There are, however, many complaints that administrative

problems in the timing and quantity of commodity deliveries interfere with menu planning and student acceptance of the NSLP lunch.

In each instance, the points of disagreement appear to be a result of administrative practices rather than legislative requirements. And, each of the opposing viewpoints is worthy of consideration.

Recommendations

In order to determine the nutritional standards needed for the National School Lunch Program, we recommend that the Secretary of Agriculture:

- With assistance from HEW, determine the nutritional standards needed for NSLP to best safeguard schoolchild health; and, if found desirable, revise the program's meal regulations to reflect nutritional requirements that will provide menu planners with planning flexibility, improve the program's cost-effectiveness, encourage higher levels of student participation, and reduce plate waste. 1/
- Determine the effect of commodity distribution surges on NSLP's nutritional objective and, if surges are determined to have a significant effect, implement corrective procedures so that agricultural considerations do not compromise the program's nutritional effectiveness.

1/In an earlier report entitled "The Impact of Federal Commodity Donations on the School Lunch Program" (CED-77-32), we recommended that the Secretary of Agriculture include a nutrient standard as an option to the type A lunch pattern to provide menu planners with greater flexibility in using commodities. In making that review, we did not evaluate the adequacy of the type A pattern in improving the nutrition of students. However, on the basis of our current review of various studies of NSLP it would appear that an evaluation of the nutritional standards for NSLP should be done.

AGENCY COMMENTS AND OUR EVALUATION

HEW advised us by letter dated April 14, 1977, that it was willing to assist USDA in carrying out the intent of our recommendation regarding NSLP's nutritional standards.

In a letter dated April 20, 1977, USDA expressed concerns similar to ours regarding program participation and plate waste, but noted that "there are ways of addressing these concerns short of abandoning nationally established meal standards." USDA cited various complexities associated with determining nutritional standards for NSLP beyond the present goal of providing one-third or more of the RDA for children of various ages. It suggested a list of activities for expanding program participation and reducing food waste which included: working with foodservice personnel to improve the appearance and quality of food served; revising the type A pattern to allow smaller portion sizes for elementary school students; and eliminating the sale of snack foods during lunch.

We believe that USDA is earnestly attempting to improve NSLP's performance. However, there appears to be a reluctance on the part of FNS to consider administrative changes in the program's meal standards that might improve NSLP's effectiveness in meeting legislative objectives, especially those concerning the type A pattern. We have not recommended that the type A pattern be eliminated out of hand, but rather that nutritional standards be determined and that, based on such standards, needed revisions be made.

In regard to our recommendation concerning the effect of commodity distribution surges on NSLP's nutritional objective, USDA cited its response to our earlier report (CED-77-32) which stated that:

"the Department is required, for the most part, to give first priority to items in surplus and in need of price support, so that controls over the timing and availability of deliveries are often restricted.
* * * Greater efforts will continue to be made to achieve improvements and we will encourage the States to establish similar procedures to the extent possible in making deliveries to their local districts."

We believe USDA's actions are beneficial. However, in view of the fact that NSLP's effectiveness as a price support mechanism has not been ascertained, we continue to have questions regarding how USDA allocates NSLP's priorities between agricultural and nutritional objectives.

Present conditions in the Nation's agricultural economy are considerably different than when the program's agricultural objective was enacted (that is, while significant market imbalances still occur, the agricultural economy is no longer characterized by seemingly permanent excess supply. In recent years, concern has tended to shift to the problem of shortages and away from the problem of surpluses.) Because of this and because the agricultural objective proclaims that a major purpose of the program is to increase food demand (which without increased supplies would tend to increase food prices), the emphasis placed on this objective requires close scrutiny.

A typical problem arising in programs which have multiple goals is that, under certain conditions, goal conflicts may precipitate undesired side effects within and outside of the program. As indicated earlier, NSLP is a case in point. In addition, a desire to use the program to support emerging Federal policies may have introduced additional, unwritten objectives which influence the scope and purpose of the school lunch program. For example, though not explicitly given an income security objective by legislation, the program is currently classified as an Income Security function within the President's Budget.

Recommendation to the Congress

In view of the Congressional Budget Act of 1974's emphasis on clearly stated legislative intent, and the changes in national priorities since enactment of NSLP, the Congress should provide policy guidance indicating specifically what the goals of the program should be, prioritize them, and have the program evaluated accordingly.

PARTICIPATION CONSIDERATIONS

Between 1971 and 1975, an expanded free/reduced-price program substantially increased the participation of low-income children; but, because much of the increase was offset by declines in the participation of regular-price students, overall participation levels tended to remain constant. The shift toward low-income children (the population group with the greatest prevalence of nutritional problems) potentially increased NSLP's overall effectiveness as a nutrition program. On the other hand, NSLP became less effective in reaching the regular-price student (a population group containing several times as many nutritionally needy children).

In fiscal year 1975, 44.8 million students (about 88 percent of the Nation's total) were enrolled in NSLP schools. Roughly one-fourth were eligible for free or reduced-price lunches; the remainder had to pay the "regular" price. Of those eligible in each group

--86 percent participated in the free/reduced price program and

--47 percent participated in the regular-price program.

Of all U.S. schoolchildren who did not eat the NSLP lunch, about 76 percent were "nonparticipants in NSLP schools."

It appears that NSLP enrollment itself presents the greatest opportunity for further increases in program participation.

Although many authorities have expressed a desire to improve NSLP participation levels, the question remains as to how this can best be accomplished. One method for improving participation would be to lower the price of the NSLP lunch. However, price is not the sole factor influencing participation; daily participation levels are also affected by noneconomic factors such as

- the presence of competitive food sources,
- attitudes of school administrators, and
- menu choice and food preparation.

Available studies, though beneficial in identifying some of the "factors" affecting participation, provide very little quantitative support to assist NSLP decisionmakers in estimating the participation impact of various policy alternatives. Our research indicates that:

- Price-participation relationships provide an extremely weak forecasting tool.
- The relative importance (rank) of the individual factors affecting participation has not been fully determined.
- The "recognized factors" have not been shown to be the major cause(s) for variations in NSLP participation.

Moreover, there is a lack of information about how a change in NSLP participation affects the nonparticipant population-- information which is needed (1) to assess the full impact of a participation change and (2) to target the program toward those children in greatest need.

Recommendations

Further effort is needed to develop a "unified explanation" for the causes and impacts of changes in the program's participation rates. We recommend that the Secretary of Agriculture:

- Improve the accuracy of participation forecasts and determine the relative importance of individual factors (including price) which affect participation.
- Determine how changes in NSLP participation affect the magnitude and characteristics of unmet nutritional needs in the nonparticipant population.

AGENCY COMMENTS

USDA agreed that there is a need to prioritize the factors affecting participation and to determine the extent to which they individually and collectively influence participation. It indicated that such work has been an ongoing objective of FNS.

USDA did not address our recommendation about determining the influence of participation changes on the unmet nutritional needs of the nonparticipant population.

OPERATING EFFICIENCY

While it is true that NSLP's operating expenses increased rapidly over the 1973-75 period, the cost increases appear to be due primarily to inflation. Discounting the effects of inflation, the cost of producing a program lunch actually declined.

On the other hand, we noted that:

- A potential exists for USDA to reduce school lunch program food costs by more than \$100 million per year without sacrificing the program's nutritional impact by:

- Revising the program's meal regulations to emphasize a nutritional standard rather than the type A meal pattern.
- Reviewing, and if practical, lowering the protein requirements for the school lunch.
- Improving the food procurement economies of small- and-medium-sized school systems.
- The USDA's commodity distribution program provides a savings in the food costs of small school systems. A flat-rate disbursement of cash in lieu of commodities would provide a disproportionate benefit to large school systems because of economies-of-scale in procurement.
- The structure of Federal subsidies has facilitated a cost-effective increase in NSLP's participation levels.

Recommendation

In light of the potential for cost savings in the food procurement area, we recommend that the Secretary of Agriculture examine approaches and implement procedures for improving the food procurement economies of small and medium-sized school systems.

AGENCY COMMENTS

USDA stated that actions related to our recommendation are currently underway. A report dealing with the food procurement economies of small and medium-sized school systems is scheduled for completion in this fiscal year.