

### *Humble Beginnings*

Contrary to popular belief, students have not always been offered a wholesome, nutritious lunch while at school. In fact, it wasn't until the early 1900's that Child Nutrition Programs—as we now call them—actually began to take shape in America. The first meals provided to students at schools were organized by charitable organizations and served by volunteers; they were not directly associated in any way with the school. Due to the efforts of a few innovative thinkers, key school officials began to recognize the link between proper nutrition and academic achievement. Eventually, schools decided to resume the responsibility for providing meals to students.

### *Initial Growth*

By 1941, Child Nutrition Programs (CNP) were in operation in all states and serving an average of two million lunches daily. The poor physical condition of men being drafted during World War I further solidified the need for these programs; it was estimated that 155,000 casualties in the war were attributable to malnutrition. Therefore, on June 4, 1946, to help protect the health and well-being of our nation's children, President Harry S. Truman signed the National School Lunch Act into law. Through this Act, the program we now know as the National School Lunch Program (NSLP) was created.

Schools that participate in the NSLP receive subsidies from the federal government for each meal that they serve to help cover the cost of the meal; therefore, these meals are commonly referred to as "reimbursable meals". In addition, schools also receive agricultural surpluses periodically throughout the year to help support their programs. In exchange for this reimbursement, the meals the school provides must meet certain nutritional standards set forth by the United States Department of Agriculture (USDA). When students select the reimbursable meal it is a "win-win" situation. Students benefit from receiving a nutritionally-balanced, wholesome meal while parents benefit from its low cost. Furthermore, schools benefit from the improved academic performance as a result of students receiving more nutritionally-balanced meals.

### *Changes*

The early 1980's brought dramatic changes to CNPs across the United States. In a time when many Americans were concerned with expanding inflation rates, federal spending came under scrutiny. As a result, two key pieces of legislation were passed that significantly reduced federal funding for the National School Lunch Program by a total of \$1.8 billion (or 25% of the current budget).

Up until this time, CNPs were growing and thriving as a result of the funding they received from participating in the NSLP. After these drastic financial cuts were enacted, many CNPs were forced to close their doors due to the loss of revenue. Others sought to offset their costs through "supplemental sales" or the sale of foods and beverages in addition to the reimbursable school meal. When supplemental sales began, they were simply additional portions of food or beverages that were already being offered as part of the reimbursable meal (i.e. extra vegetables, meat or milk). Sale of these additional foods helped to save many CNPs during this troubling financial time. North Carolina was fortunate in that no schools were forced to end their CNPs. However, they did have to resort to supplemental sales to keep their programs operating.

The budget cuts continued to remain in effect over the next few years and new foods and beverages were gradually introduced into many supplemental sale programs. Since the goal of the sale of these foods was to generate revenue, it made sense for schools

to choose foods that were appealing to students but inexpensive for the school to purchase; this enabled schools to generate a higher profit margin. Unfortunately, this combination usually translated into the addition of foods that were highly processed, higher in calories, fat, sodium and sugar and lower in essential vitamins and minerals. In NC today, the most popular supplemental sales foods have become French fries, pizza, cookies, snack cakes, fruit punch, chips, ice cream, sports drinks and sweet tea.

### *Restoration of Funds*

Two major events soon followed that changed CNPs dependence on and feelings about supplemental sales. In 1988 the federal funds that were cut in the early 1980's were restored to the program. At this time many schools drastically reduced their supplemental sales as they no longer needed to depend on this revenue to sustain their programs. A few years later, in 1995, Child Nutrition Programs were reauthorized by the federal government. Included in this reauthorization was a focus on improving the nutritional quality of school foods. When these requirements were set forth, schools began to reduce their supplemental sales as many of the foods and beverages being offered did not coincide with the new guidelines set forth in the reauthorization.

In North Carolina, however, schools continued to offer supplemental foods in competition with the reimbursable meal. Students enjoyed the supplemental foods and schools enjoyed the revenue generated from these sales. The "supplemental sales" program had evolved from a way to help schools survive in a time of need into a separate revenue generating entity in NC Schools now known as the À la Carte Program. Therefore, for the next 8 years, CNPs in NC continued to thrive; they received money from the reimbursable meals, from state and local governments and à la carte. Most every school had a healthy Operating Balance and was able to sufficiently support itself.

In 1996 the NC General Assembly recognized that CNPs in NC could be financially self-supporting due to the sales that were being generated by the À la Carte Program. As a result, \$28 million in state support was pulled from the program. Additionally, Local Education Agencies (LEAs) also pulled their "in-kind" support from the programs. This measure left CNPs in North Carolina completely financially dependent upon reimbursement for meals sold through the NSLP and revenue generated from à la carte sales. In effect, CNPs became completely separate entities operating within the school system. Without any support from state or local governments, they were responsible for not only covering the costs of their food, supplies, equipment and staff salaries and benefits but also for paying fees to the school to help cover the cost of using the space they occupied (known as indirect costs).

Even though grappling with these budget cuts was difficult, CNPs in NC were still able to survive. As long as their student participation in the school lunch program and sales of à la carte foods and beverages remained consistent, CNPs were able to remain open. However, if either one of these revenue streams dried up, the results could be devastating. Then, in 2003, changes were set in motion that would do just that.

### *New Nutrition Standards*

At this time, concerns about the health of youth in the US—especially with regards to obesity—began to escalate. In response, North Carolina formed a panel consisting of experts from the fields of public health, education, medicine and nutrition to create guidelines for nutrition standards in NC schools. Out of this panel came a guide book

titled [“Eat Smart: North Carolina’s Recommended Standards for All Foods Available in Schools”](#). The guide book was released to the public in 2004 and contained a set of guidelines to help monitor all foods and beverages available in schools including school meals, vending, concessions and after school programs.

In 2005, the North Carolina General Assembly (NCGA) enacted legislation that required the State Board of Education (SBE) to adopt these new standards. It became clear that there would need to be drastic changes to foods currently being offered in the à la carte program; fruit drinks, cookies, pizza and other items being sold would not qualify under these new guidelines. Making drastic changes to the à la carte program meant jeopardizing an important stream of revenue for schools (almost 50% of their budget). Therefore, to anticipate these consequences, a pilot study of the standards was ordered. The NCGA would provide \$25K for a “no risk” pilot in 123 individual elementary schools in 7 school districts across the state from January 2005 to June 2005. The pilot project hoped to see if these standards would be financially feasible to implement in the schools.

The highest, most stringent level of the standards was implemented which included the following specifications:

- There could be no vending available to students for food and beverages.
- School Meals had to serve unflavored low fat milk, offer whole grains daily and have at least 4 fruits and vegetables at lunch (some fresh, not fried, at least one is raw). In addition, every reimbursable lunch or breakfast offered daily must have: <35% total calories from fat (excluding nuts and seeds), <10% total calories from saturated fat, <35% added sugar by weight.
- À la carte foods could include fruits and vegetables (not fried, some fresh), yogurt, any milk offered in NSLP, water and must meet the following criteria: <35% total calories from fat (excluding nuts and seeds), <10% total calories from saturated fat.

All 123 schools participating in the pilot implemented these standards in their schools for approximately 6 months. As anticipated, this was a drastic change for many schools who were offering unhealthy à la carte foods out of necessity to keep their CNPs running. Instead of snack cakes, punch, cookies and pizza, schools would be substituting fresh fruits and veggies, low fat milk and yogurt. Because these items were more expensive for the school to purchase, they also had a lower profit margin which means the schools made less money. Additionally, making drastic and sudden changes in foods and beverages being offered was not initially well received by students and à la carte sales dropped dramatically.

Unfortunately, the results of these pilots were not promising. Due to the increase price of purchasing healthier foods and the drop in à la carte sales, all schools lost money during the pilot; a grand total of approximately \$350 thousand between the 123 schools. Schools also experienced resistance from key stakeholders—students, parents, teachers, administrators and others—throughout the pilot period. It became clear that without additional funding, CNPs in NC could not implement the nutrition standards in public schools. Schools were too dependant upon the sales of the unhealthy à la carte foods in order to survive.

Even despite these financial and logistical challenges, since the pilot concluded, many schools across NC have decided to offer healthier foods regardless of the cost. They recognize the importance of offering healthier foods to students and some positive changes have been made including the following:

- 96% now offer more fresh fruits
- 86% increased fresh vegetables
- 73% increased whole grains
- 76% eliminated fried foods
- 92% eliminated whole milk
- 97% decreased desserts
- 88% are gradually decreasing high fat and/or high sugar à la Carte foods and beverages

Unfortunately, as anticipated, these changes have had a negative financial impact on CNPs in the state. Currently, 93 out of 115 CNPs across NC are operating in the red. Moreover, a third of the schools have little or no reserve funds to help cover any financial emergencies that could arise. Schools will not be able to continue to handle these types of losses.

### *The Future of NC Child Nutrition Programs*

What is the future of CNPs in NC? It has become clear that without some level of state or local support, it will be difficult, if not impossible, for these programs to implement healthier standards and still manage to keep their doors open. Many CNP Directors feel intense pressure from Administrators to get their schools out of the red; for many the only way to do this is to reinstitute the unhealthy choices.

The unfortunate truth is that the events of the past 30 years have created a CNP in NC that is financially dependent upon the sale of unhealthy foods and beverages to kids. Unwise decisions were made by all parties involved and it is time to learn from the mistakes of the past and move CNPs in the right direction. Studies of schools in other states in similar predicaments have shown that with time and a little strategy, students will eventually welcome and embrace healthier changes. We know it can be done; however, financial support will be needed to help get NC CNPs back on the right foot.