

114TH CONGRESS
1ST SESSION

S. 540

To amend the Richard B. Russell National School Lunch Act to require the Secretary of Agriculture to make loan guarantees and grants to finance certain improvements to school lunch facilities, to train school food service personnel, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 24, 2015

Ms. COLLINS (for herself and Ms. HEITKAMP) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Richard B. Russell National School Lunch Act to require the Secretary of Agriculture to make loan guarantees and grants to finance certain improvements to school lunch facilities, to train school food service personnel, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “School Food Mod-
5 ernization Act”.

1 **SEC. 2. LOAN GUARANTEES AND GRANTS TO FINANCE CER-**
 2 **TAIN IMPROVEMENTS TO SCHOOL LUNCH FA-**
 3 **CILITIES.**

4 The Richard B. Russell National School Lunch Act
 5 is amended by inserting after section 26 (42 U.S.C.
 6 1769g) the following:

7 **“SEC. 27. LOAN GUARANTEES AND GRANTS TO FINANCE**
 8 **CERTAIN IMPROVEMENTS TO SCHOOL**
 9 **LUNCH FACILITIES.**

10 “(a) DEFINITIONS.—In this section:

11 “(1) DURABLE EQUIPMENT.—The term ‘dura-
 12 ble equipment’ means durable food preparation, han-
 13 dling, cooking, serving, and storage equipment great-
 14 er than \$500 in value.

15 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
 16 tity’ means—

17 “(A) a local educational agency or a school
 18 food authority administering or operating a
 19 school lunch program;

20 “(B) a tribal organization; or

21 “(C) a consortium that includes a local
 22 educational agency or school food authority de-
 23 scribed in subparagraph (A), a tribal organiza-
 24 tion, or both.

25 “(3) INFRASTRUCTURE.—The term ‘infrastruc-
 26 ture’ means a food storage facility, kitchen, food

1 service facility, cafeteria, dining room, or food prepa-
 2 ration facility.

3 “(4) LOCAL EDUCATIONAL AGENCY.—The term
 4 ‘local educational agency’ has the meaning given the
 5 term in section 9101 of the Elementary and Sec-
 6 ondary Education Act of 1965 (20 U.S.C. 7801).

7 “(5) SCHOOL FOOD AUTHORITY.—The term
 8 ‘school food authority’ has the meaning given the
 9 term in section 210.2 of title 7, Code of Federal
 10 Regulations (or a successor regulation).

11 “(6) TRIBAL ORGANIZATION.—The term ‘tribal
 12 organization’ has the meaning given the term in sec-
 13 tion 4 of the Indian Self-Determination and Edu-
 14 cation Assistance Act (25 U.S.C. 450b).

15 “(b) LOAN GUARANTEES FOR ASSISTANCE TO
 16 SCHOOLS FOR INFRASTRUCTURE IMPROVEMENTS AND
 17 DURABLE EQUIPMENT NECESSARY TO PROVIDE
 18 HEALTHY MEALS THROUGH SCHOOL LUNCH PRO-
 19 GRAMS.—

20 “(1) AUTHORITY TO GUARANTEE LOANS.—The
 21 Secretary shall issue a loan guarantee to an eligible
 22 entity for purposes of financing the construction, re-
 23 modeling, or expansion of infrastructure or the pur-
 24 chase of durable equipment that the Secretary deter-

1 mines will assist the eligible entity in providing
2 healthy meals through a school lunch program.

3 “(2) COMPETITIVE BASIS.—Subject to para-
4 graph (3), the Secretary shall select eligible entities
5 to receive a loan guarantee under this subsection on
6 a competitive basis.

7 “(3) PREFERENCES.—In issuing a loan guar-
8 antee under this subsection, the Secretary shall give
9 a preference to an eligible entity that, as compared
10 with other eligible entities seeking a loan guarantee
11 under this subsection, the Secretary determines
12 demonstrates substantial or disproportionate—

13 “(A) need for infrastructure improvement;
14 or

15 “(B) durable equipment need or impair-
16 ment.

17 “(4) OVERSIGHT.—The Secretary shall estab-
18 lish procedures to enable the Secretary to oversee
19 the construction, remodeling, or expansion of infra-
20 structure or the purchase of durable equipment for
21 which a loan guarantee is issued under this sub-
22 section.

23 “(5) GUARANTEE AMOUNT.—A loan guarantee
24 issued under this subsection may not guarantee

1 more than 80 percent of the principal amount of the
2 loan.

3 “(6) FEES.—The Secretary shall establish fees
4 with respect to loan guarantees under this sub-
5 section that, as determined by the Secretary—

6 “(A) are sufficient to cover all the adminis-
7 trative costs to the Federal Government for the
8 operation of the program;

9 “(B) may be in the form of an application
10 or transaction fee, or interest rate adjustment;
11 and

12 “(C) may be based on the risk premium
13 associated with the loan or loan guarantee, tak-
14 ing into consideration—

15 “(i) the price of Treasury obligations
16 of a similar maturity;

17 “(ii) prevailing market conditions;

18 “(iii) the ability of the eligible infra-
19 structure project to support the loan guar-
20 antee; and

21 “(iv) the total amount of the loan
22 guarantee.

23 “(7) FUNDING.—

24 “(A) IN GENERAL.—To provide loan guar-
25 antees under this subsection, the Secretary

1 shall reserve \$300,000,000 of the loan guar-
 2 antee authority remaining and unobligated as of
 3 the date of enactment of the School Food Mod-
 4 ernization Act under the program of community
 5 facility guaranteed loans under section 306(a)
 6 of the Consolidated Farm and Rural Develop-
 7 ment Act (7 U.S.C. 1926(a)).

8 “(B) TECHNICAL ASSISTANCE.—The Sec-
 9 retary may use not more than 5 percent of the
 10 amount made available to carry out this sub-
 11 section for each fiscal year to provide technical
 12 assistance to applicants and prospective appli-
 13 cants in preparing applications and creating fi-
 14 nancing packages that leverage a mix of public
 15 and private funding sources.

16 “(c) EQUIPMENT GRANTS.—

17 “(1) AUTHORITY TO MAKE GRANTS.—Begin-
 18 ning in fiscal year 2016 and subject to the avail-
 19 ability of appropriations, the Secretary shall make
 20 grants, on a competitive basis, to eligible entities to
 21 assist the eligible entities in purchasing the durable
 22 equipment and infrastructure needed to serve
 23 healthier meals and improve food safety.

24 “(2) PRIORITY.—In awarding grants under this
 25 subsection, the Secretary shall give priority to—

“(A) eligible entities in States that have enacted comparable statutory grant funding mechanisms or that have otherwise appropriated funds to assist eligible entities in purchasing the durable equipment and infrastructure needed to serve healthier meals and improve food safety, as determined by the Secretary; and

“(B) eligible entities that have identified and are reasonably expected to meet an unmet local or community need, including through—

“(i) a public-private partnership or partnership with a food pantry or other low-income assistance agency; or

“(ii) the provision for or allowance of kitchen or cafeteria usage by related or outside community organizations.

“(3) FEDERAL SHARE.—

“(A) IN GENERAL.—The Federal share of costs for assistance funded through a grant awarded under this subsection shall not exceed 80 percent of the total cost of the durable equipment or infrastructure.

“(B) MATCHING.—As a condition on receiving a grant under this subsection, an eligi-

1 ble entity shall provide matching support in the
2 form of cash or in-kind contributions.

3 “(C) WAIVER.—The Secretary may waive
4 or vary the requirements of subparagraphs (A)
5 and (B) if the Secretary determines that undue
6 hardship or effective exclusion from participa-
7 tion in the grant program under this subsection
8 would otherwise result.

9 “(4) AUTHORIZATION OF APPROPRIATIONS.—

10 “(A) IN GENERAL.—There are authorized
11 to be appropriated such sums as may be nec-
12 essary to carry out this subsection for fiscal
13 year 2016 and each subsequent fiscal year.

14 “(B) TECHNICAL ASSISTANCE.—The Sec-
15 retary may use not more than 5 percent of the
16 amount made available to carry out this sub-
17 section for each fiscal year to provide technical
18 assistance to applicants and prospective appli-
19 cants in preparing applications and creating fi-
20 nancing packages that leverage a mix of public
21 and private funding sources.”.

1 **SEC. 3. TRAINING AND TECHNICAL ASSISTANCE FOR**
2 **SCHOOL FOOD SERVICE PERSONNEL.**

3 The Richard B. Russell National School Lunch Act
4 is amended by inserting after section 21 (42 U.S.C.
5 1769b–1) the following:

6 **“SEC. 21A. TRAINING AND TECHNICAL ASSISTANCE FOR**
7 **SCHOOL FOOD SERVICE PERSONNEL.**

8 “(a) IN GENERAL.—The Secretary shall carry out a
9 grant program under which the Secretary shall award
10 grants, on a competitive basis, to provide support to eligi-
11 ble third-party training institutions described in sub-
12 section (b) to develop and administer training and tech-
13 nical assistance for school food service personnel to meet
14 nutrition standards under section 4(b)(3) and improve ef-
15 ficacy and efficiency of the school lunch program under
16 this Act and the school breakfast program established by
17 section 4 of the Child Nutrition Act of 1966 (42 U.S.C.
18 1773).

19 “(b) CRITERIA FOR ELIGIBLE THIRD-PARTY INSTI-
20 TUTIONS.—The Secretary shall establish specific criteria
21 that eligible third-party training institutions shall meet to
22 qualify to receive grants under this section, which shall
23 include—

24 “(1) a demonstrated capacity to administer ef-
25 fective training and technical assistance program-
26 ming to school food service personnel;

1 “(2) prior, successful experience in providing or
 2 engaging in training and technical assistance pro-
 3 gramming or applied research activities involving eli-
 4 gible entities, school food service administrators, or
 5 directors;

6 “(3) prior, successful experience in developing
 7 relevant educational training tools or course mate-
 8 rials or curricula on topics addressing child and
 9 school nutrition or the updated nutrition standards
 10 under section 4(b)(3); and

11 “(4) the ability to deliver effective and cost-effi-
 12 cient training and technical assistance programming
 13 to school food service personnel—

14 “(A) at training sites that are located
 15 within a proximate geographic distance to
 16 schools, central kitchens, or other worksites; or

17 “(B) through an online training and assist-
 18 ance program on topics that do not require in-
 19 person attendance.

20 “(c) PROGRAM ASSISTANCE.—The Secretary shall as-
 21 sist the institutions receiving grants under this section in
 22 publicizing and disseminating training and other project
 23 materials and online tools to the maximum extent prac-
 24 ticable.

25 “(d) FEDERAL SHARE.—

1 “(1) IN GENERAL.—The Federal share of costs
2 for training and technical assistance funded through
3 a grant awarded under this section shall not exceed
4 80 percent of the total cost of the training and tech-
5 nical assistance.

6 “(2) MATCHING.—As a condition of receiving a
7 grant under this section, the eligible third-party
8 training institution shall provide matching support
9 in the form of cash or in-kind contributions.

10 “(e) OVERSIGHT.—The Secretary shall establish pro-
11 cedures to enable the Secretary—

12 “(1) to oversee the administration and oper-
13 ation of training and technical assistance funded
14 through grants awarded under this section; and

15 “(2) to ensure that the training and assistance
16 is operated consistent with the goals and require-
17 ments of this Act.

18 “(f) AUTHORIZATION OF APPROPRIATIONS.—

19 “(1) IN GENERAL.—There are authorized to be
20 appropriated such sums as may be necessary to
21 carry out this section for fiscal year 2016 and each
22 subsequent fiscal year.

23 “(2) TECHNICAL ASSISTANCE.—The Secretary
24 may use not more than 5 percent of the amount
25 made available to carry out this section for each fis-

1 cal year to provide technical assistance to applicants
2 and prospective applicants in preparing applications
3 and creating financing packages that leverage a mix
4 of public and private funding sources.”.

5 **SEC. 4. REPORT TO CONGRESS.**

6 Not later than 1 year after funds are made available
7 to carry out the amendments made by this Act, and annu-
8 ally thereafter, the Secretary of Agriculture shall submit
9 to Congress a report on the progress of the Secretary in
10 implementing the amendments made by this Act.

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