

MEMORANDUM

Date: February 6, 2018

To: Steph Tatham, Office of Management and Budget Desk Officer

Through: Christina Sandberg *C.S.*
Food and Nutrition Service, Information Collection Officer, Planning &
Regulatory Affairs Office

Ruth Brown
United States Department of Agriculture, Departmental Information Clearance
Officer, Office of Chief Information Collection Officer

From: John Endahl
Senior Program Analyst, Food and Nutrition Service
Office of Policy Support

Re: Generic OMB Clearance No. 0584-0606—School Nutrition and Meal Cost Study-
II, Outlying Areas Cost Study Feasibility Assessment

The U.S. Department of Agriculture's Food and Nutrition Service requests approval to conduct exploratory interviews for the referenced study under approved Generic OMB Clearance No. 0584-0606 FNS Generic Clearance for Pre-Testing, Pilot, and Field Test Studies. The following information is provided for review:

1. **Title of the Project:** School Nutrition and Meal Cost Study-II, Outlying Areas Cost Study Feasibility Assessment
2. **Control Number:** 0584-0606, expires 03/31/2019
3. **Public Affected by this Project:** 61
 - (i) State, Local, Tribal Governments: (61)
State and Local Governments:
 - 5 State Child Nutrition (CN) agency directors
 - 7 school food authority (SFA) directors
 - 7 district business managers
 - 21 school nutrition managers
 - 21 school principals
 - (ii) Businesses/Private Nonprofit Organizations: (0)
 - (iii) Individuals/Households: (0)

4. Number of Respondents and Research Activity

Respondents	Research activity	Number of respondents
State CN agency director	Notification	5
	Recruitment, interview, document submission, and thank-you letter	2
School food authority director	Notification, recruitment, interview, document submission, and thank-you letter	7
District business manager	Interview, document submission, and thank-you letter	7
School nutrition manager	Recruitment, interview, document submission, and thank-you letter	21
School principal	Recruitment, interview, document submission, and thank-you letter	21

5. Time Needed per Response

Respondents	Research activity	Time (hours) ^a
State CN agency director	Notification	0.08
	Recruitment	0.33
	Interview	1.50
	Document submission	0.50
	Thank-you letter	0.05
School food authority director	Notification and recruitment	0.55
	Interview	2.40 ^b
	Document submission	1.30 ^c
	Thank-you letter	0.05
District business manager	Interview	1.50
	Document submission	0.50
	Thank-you letter	0.05
School nutrition manager	Recruitment	0.22
	Interview	2.00
	Document submission	0.50
	Thank-you letter	0.05
School principal	Recruitment	0.22
	Interview	0.50
	Document submission	0.50
	Thank-you letter	0.05

^a The time is an average response per respondent.

^b The time per interview is 1.5 hours for SFA directors in Hawaii and the U.S. Virgin Islands and 3 hours per interview for SFA directors in Alaska, Guam, and Puerto Rico. The average time per interview is therefore 2.4 hours.

^c The time per document submission is 1 hour for SFA directors in Hawaii and the U.S. Virgin Islands and 1.5 hours for SFA directors in Alaska, Guam, and Puerto Rico. The average time per document submission is therefore 1.3 hours.

6. Total Burden Hours on Public: 134.33 hours and 230 responses

See the enclosed Microsoft Excel burden table for the detailed burden estimates broken down by the affected public.

7. Project Purpose, Methodology, and Formative Research Design

Background

School food authorities (SFAs) that participate in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP) receive cash reimbursements for meals served to students. Section 12(f) of the Richard B. Russell National School Lunch Act (NSLA) allows the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA), which administers the NSLP and SBP, to adjust the reimbursement for SFAs in outlying areas, including Alaska, Guam, Hawaii, Puerto Rico, and the U.S. Virgin Islands (USVI). Adjusted reimbursements are based on the difference between the costs of providing reimbursable meals in the outlying areas compared to in the contiguous 48 States and the District of Columbia (DC).

Currently, reimbursement rates are 62 percent higher for SFAs in Alaska and 17 percent higher for SFAs in Hawaii and Puerto Rico. The higher reimbursements in Alaska and Hawaii are long-standing—established in 1979 and 1981, respectively. SFAs in Puerto Rico became eligible for higher reimbursements in July 2016. SFAs in USVI and Guam receive the same reimbursements as SFAs in the 48 States and DC. The adjusted reimbursement rates for Alaska and Hawaii are based on an internal FNS analysis conducted in 1979 that compared food and labor costs in these areas with costs in the contiguous 48 States. The analysis attempted to examine costs in the territories as well, but the necessary data were not available and there was some indication that higher food costs in these areas might be offset by lower labor costs.

In the intervening years, Guam, Hawaii, and Puerto Rico have commissioned studies to document the need for higher reimbursement rates (Falcon-Sanchez Consulting Group 2015; University of Guam Cooperative Extension Service 2014; Hawaii Appleseed Center for Law and Economic Justice 2015). Puerto Rico sponsored two studies—the first in 2008 and the second in 2015. At the time of the 2008 study, FNS concluded that operating costs in Puerto Rico were comparable to costs in the contiguous States and, therefore, higher reimbursement rates were not warranted (Falcon-Sanchez Consulting Group 2015). In reviewing the 2015 report, FNS noted concerns about the rigor and reliability of the data presented but concluded, based on comparisons with the most recent study of meal costs in the 48 States and DC, that a 15 to 17 percent increase was appropriate. FNS concluded that the studies commissioned by Guam and Hawaii did not provide an adequate basis for assessing the costs of producing individual lunch and breakfast meals.

USDA periodically assesses the cost of producing reimbursable school meals in the contiguous 48 States and DC using a rigorous, standardized methodology that has historically relied upon on-site data collection. Given the length of time since the initial analysis to support adjustments to reimbursement rates in Alaska and Hawaii and the challenges outlying areas have faced in assessing meal costs on their own, FNS contracted with Mathematica Policy Research to use a standardized methodology to assess meal costs in the outlying areas. The first step, the Outlying Areas Cost Study (OACS) Feasibility Assessment, will determine the quality and completeness of SFAs' and schools' financial and administrative data needed to support a rigorous cost study in these areas that minimizes or eliminates on-site data collection. The assessment includes both exploratory interviews and document reviews (such as revenue and expenditure statements, production records, standardized recipes, or union contracts) to determine the feasibility of adapting the cost data collection instruments and procedures for use in the outlying areas. Currently it is unclear who maintains these documents, and the quality and completeness of these data are unknown. The OACS Feasibility Assessment is part of the School Nutrition and Meal Cost Study-II (SNMCS-II).

Purpose

The purpose of the OACS Feasibility Assessment is to (1) assess the quality and completeness of the meal cost data available in Alaska, Hawaii, Guam, Puerto Rico, and USVI; and (2) develop a standardized methodology to estimate the costs of producing reimbursable meals in the outlying areas, with little to no reliance on on-site data collection. The feasibility assessment will not collect all of the data needed to estimate the costs of producing reimbursable meals. Rather, it will obtain the information necessary to determine if it is possible to estimate the costs. If FNS determines that it is feasible to adapt the cost study instruments and procedures for use in the outlying areas, FNS will request clearance for the OACS data collection in a separate information collection request for SNMCS-II.

Methodology and Research Design

The feasibility assessment includes collecting data and documents from State CN agency, SFA, and school staff, and synthesizing the information collected about each outlying area to assess the feasibility of estimating full or reported costs for each outlying area.¹ The feasibility assessment data collection activities include (1) document collection, (2) exploratory interviews with State, SFA, and district staff, and (3) exploratory interviews with SNMs and school principals.

Document collection. The study team will request several documents from SFA directors: the most recent audited and unaudited annual revenue and expense statements for

¹ Reported costs include only those charged to the SFA or school budgets that the SFA is expected to cover with the school food service account. Full costs include costs incurred by the school district in support of SFA operations that are not charged to the school food service account, such as school staff labor that is paid for out of the district account.

the SFA; completed meal production records; indirect cost documentation; cycle menus; standardized recipes; food price lists; non-reimbursable foods sales records; district, SFA, and school personnel salary information; and copies of food service management company and union contracts. Discussions with Regional Office staff for the outlying areas revealed that the State CN agencies in Hawaii and USVI may maintain some of the documents for the SFAs, or in the case of USVI, may have copies of SFA records that might have been lost due to the recent hurricanes. The study team will inquire about the availability of any remaining documents from the State CN agencies in Hawaii and USVI if unavailable from the SFA directors. We will request completed meal production records from school nutrition managers (SNMs) and may also request standardized recipes and food price lists if these documents are not available at the SFA or State level. School personnel information will be requested from principals if the documents are not available at the SFA or State level.

Documents will be requested from State CN agency directors, SFA directors, and principals during recruiting to allow for sufficient review of these documents before the interviews, and from SNMs during the interviews. The study team will request documents from SNMs during the interviews rather than in advance because the interviews will help determine which documents are needed or available. For example, not all schools have local food purchasing or non-reimbursable food sales. This strategy avoids potentially intimidating SNMs before the interview because they may not be as accustomed as State- and SFA-level respondents to compiling and submitting documentation.

Exploratory interviews with State, SFA, and district staff. The study team will conduct semistructured, exploratory telephone interviews with SFA directors, district business managers, and State CN agency directors to determine the quality and completeness of data at the SFA level. SFA directors and district business managers will be interviewed first. District business managers will participate to answer questions about staff salaries that are not paid out of the food service account, food service indirect costs, and SFA financial statements. Interviews with State CN agency staff in Hawaii and USVI will be limited to the questions that SFA or district staff cannot answer.

Exploratory interviews with SNMs and school principals. The study team will conduct semistructured telephone interviews with SNMs and school principals to determine the quality and completeness of available data at the school level, such as data on producing school meals, food prices, non-reimbursable food sales, and staff time and salary information.

Interviews will be conducted sequentially in each outlying area. SFA directors and district business managers will be interviewed first (Appendix A, *SFA Director/District Business Manager Interview Guide*).² State CN agency directors in Hawaii and USVI will be interviewed after the SFA directors and district business managers (Appendix B, *State CN Agency Director*

² The burden associated with gathering and submitting requested documents is included in the disclosure statements on Appendices A, B, C, and D.

Interview Guide). To minimize burden, we will ask State CN agency directors only the questions that the SFA and district staff were not able to answer. For example, the USVI State CN agency director may answer questions about the SFAs' financial statements because the State agency maintains the SFAs' food service accounts.

Information obtained from State, SFA, and district staff documents and interviews will be used to determine whether to conduct SNM and principal interviews, and to tailor the questions in the SNM and principal interviews. That is, if the interviews completed with and documents collected from State, SFA, and district staff suggest that the data available at the SFA/district level are likely to be of sufficient quality, the study team will interview SNMs and principals in up to three schools in each SFA to assess the availability and quality of required school-level data (Appendix C, *School Nutrition Manager Interview Guide*, and Appendix D, *Principal Interview Guide*, respectively). On the other hand, if the documents and interviews with the State, SFA, and district staff indicate that no further delineation of costs would be obtained from interviews with SNMs and principals, the latter interviews will not be administered. For example, a principal will not be interviewed if the school does not have staff who work on food service activities and are paid from a non-food service account. In outlying areas that use a central kitchen to produce reimbursable meals served in schools, one of the SNM interviews will be with the manager of the central kitchen using the interview protocol in Appendix C.

Design and Sampling Procedures

The State-level interviews will include the State CN agency directors in Hawaii and USVI.³ The SFA-level interviews will include the single SFAs in Guam, Hawaii, and Puerto Rico; the two SFAs in USVI; and one urban SFA and one rural SFA in Alaska, for a total of seven SFAs. SFAs in Alaska will be selected purposively and include one of the five largest SFAs and one of the 40 smallest SFAs.

We will purposively select **up to** three schools per SFA based on the willingness of the schools to participate in the interviews and other area-specific criteria. During the recruitment process (described below), SFA directors will assist in identifying schools based on characteristics that might influence the availability and quality of the data needed for the cost study—for example, whether staff who are not part of the food service department work on food service activities; whether a school purchases its own food; whether a school prepares its own food, receives food from a central or production kitchen, or purchases meals from a local vendor; and whether a school offers a la carte foods or other food service-controlled sources of competitive foods.

³ State-level interviews will be conducted in Hawaii and USVI because of their unique organizational structure. In these areas, the State CN agency may maintain some of the documents that would typically be maintained by the SFA.

Recruitment and Consent

Before data collection begins, the Regional Special Nutrition Directors in the Mid-Atlantic and Western Regional Offices will first notify all five State CN agency directors of the upcoming study, and request that the State CN agency directors notify the SFA directors (Appendix E, *State CN Agency Director Notification Letter*). For Hawaii and USVI, this notification letter will also explain that the study team will contact the State CN agency directors to schedule an interview. The State CN agency directors will notify SFA directors of the upcoming study and inform them that contractor staff will contact the SFA directors (Appendix F, *SFA Director Notification Letter*). A follow-up email will then be sent to SFA directors and State CN agency directors to schedule an interview and ask them to gather the documentation needed for the interview (Appendix G, *SFA Director Recruiting Email* and Appendix H, *State CN Agency Director Recruiting Email*, respectively). The documents requested of State CN agency directors will be limited to only the items that were not available from SFA directors. We will follow up on the emails by telephone to respond to any questions or issues the SFA or State CN agency directors raise, finalize an interview time, and determine the method the respondent will use to submit documents before the interview (Appendix I, *SFA Director Recruiting Telephone Script* and Appendix J, *State CN Agency Director Recruiting Telephone Script*, respectively). For SFA directors only, the telephone script will also collect school-level contact information.

If the SFA and State (if applicable) data that are needed to estimate the full or reported costs of producing reimbursable lunches and breakfasts are available, internally consistent, and, where possible, supported by source documentation, the study team will follow similar procedures with SNMs and principals for school-level data collection. The study team will first email SNMs and principals to alert them to the study (Appendix K, *School Nutrition Manager/Principal Recruiting Email*). If SNMs or principals do not have an email address, Appendix K will be sent as a letter instead. We will use a brief, pre-interview telephone call to respond to any questions or issues the SNMs or principals raise and to finalize an interview time (Appendix L, *School Nutrition Manager Recruiting Telephone Script* and Appendix M, *Principal Recruiting Telephone Script*, respectively). It is anticipated that all of the recruited individuals will participate because of the relevance of the study topic and purposive selection.

At the start of an interview, the interviewer will explain the purpose of the interview, how the data will be stored and used, the measures taken to protect privacy, and that participation is mandatory. The interviewer will ask the respondent to consent to recording of the interview. The interviewer will answer any clarification questions before proceeding with the interview.

A thank-you letter will be sent to all of the SFA directors, district business managers, SNMS, and state CN agency directors who participated in the interviews (Appendix N).

Incentives

No incentives will be provided to respondents.

Data Analysis

The goal of the feasibility study is to determine if States (if applicable), SFAs, and schools in outlying areas maintain sufficient data to support a rigorous meal cost study. Findings from the feasibility study will inform which of the outlying areas can be included in the upcoming SNMCS-II information collection request, the data collection instruments and procedures to be used, and the estimated burden associated with the data collection activities. Because of the nature of the data and small number of respondents, the study team will use qualitative analysis methods. We will synthesize interview notes with an assessment of the provided State-, SFA-, and school-level documentation to determine the completeness and accuracy of the available data in each of the seven SFAs and their schools. For each outlying area, we will summarize in a table the findings for the critical data elements needed to estimate meal costs and school food service revenues, and the respondents needed to provide the data. Because it might be possible to estimate reported costs but not full costs in some outlying areas, the table will be organized to classify the data needed to estimate reported costs from the additional data needed to estimate full costs.

8. Confidentiality

Section 28 of the NSLA requires State, SFA, and school participation in the evaluation of the NSLP and SBP. The privacy of all collected data will be held in accordance with a system of record notice titled FNS-8, "FNS Studies and Reports" published in the Federal Register on April 25, 1991, Volume 56, pages 19078-19080. Respondents will not be identified and information will not be shared outside of the study team. Respondents will be instructed to redact personally identifiable information (PII) from personnel records submitted to the study team. If respondents submit personnel records containing PII, the study team will redact the PII. All electronic documents, recordings, and interview notes will remain in password-protected, secure folders to which only project staff with appropriate clearance will have access. All hard-copy documents will be stored in locked filing cabinets. Records will be destroyed after the project ends. No PII will be collected about students or parents during this study.

9. Federal costs

The total cost to the Federal government is \$326,109, which includes the total cost for contractor and Federal staff costs for the abbreviated supporting statement, developing the study instruments, and collecting and analyzing the pre-test information. The contractor cost is estimated at \$320,794. This is based on an estimate of 880 hours, with a salary range of \$76 to \$289 per hour, and includes overhead costs. This information collection also assumes a total of 88 hours of Federal employee time (80 hours for a GS-13, Step 10 program analyst at \$60.40 per hour, and 8 hours for a GS-14, Step 4 branch chief at \$60.40 per hour for supervisory oversight), for a total of \$5,315 on an annual basis. Federal employee pay rates are based on the General Schedule and locality payment for the Washington D.C. Metropolitan Areas provided by Office of Personnel Management (OPM) for 2018 (https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2018/DCB_h.pdf).

10. Study Instruments

Appendix A. SFA Director/District Business Manager Interview Guide
Appendix B. State CN Agency Director Interview Guide
Appendix C. School Nutrition Manager Interview Guide
Appendix D. Principal Interview Guide
Appendix E. State CN Agency Director Notification Letter
Appendix F. SFA Director Notification Letter
Appendix G. SFA Director Recruiting Email
Appendix H. State CN Agency Director Recruiting Email
Appendix I. SFA Director Recruiting Telephone Script
Appendix J. State CN Agency Director Recruiting Telephone Script
Appendix K. School Nutrition Manager/Principal Recruiting Email
Appendix L. School Nutrition Manager Recruiting Telephone Script
Appendix M. Principal Recruiting Telephone Script
Appendix N. Thank-You Letter

References

Falcon-Sanchez Consulting Group. "Puerto Rico School Food Authority: Lunch, Breakfast, and Snack Cost Study-II, Final Report." Report submitted to the Puerto Rico School Food Authority. San Juan, PR: Falcon-Sanchez Consulting Group, May 2015.

Hawaii Appleseed Center for Law and Economic Justice. "Report on the Need for Increased Meal Reimbursement Rates for Hawaii." Report submitted to the Office of Hawaii Child Nutrition Programs. Honolulu, HI, Hawaii Appleseed Center for Law and Economic Justice, May 2015.

University of Guam Cooperative Extension Service. "Report to the Guam Department of Education: GDOE School Lunch and Breakfast Cost Study." Report submitted to the Guam Department of Education. Mangilao, GU: University of Guam Cooperative Extension Service, November 17, 2014.