

marketing of canned beets, carrots and white potatoes. This will allow for a more equitable marketing environment for the canning industry.

**Authority:** 7 U.S.C. 1621-1627.

Dated: June 24, 1998.

**Robert C. Keeney,**

*Deputy Administrator, Fruit and Vegetable Programs.*

[FR Doc. 98-17563 Filed 7-1-98; 8:45 am]

BILLING CODE 3410-02-P

## DEPARTMENT OF AGRICULTURE

### Food and Nutrition Service

#### National School Lunch, Special Milk, and School Breakfast Programs; National Average Payments/Maximum Reimbursement Rates

**AGENCY:** Food and Nutrition Service, USDA.

**ACTION:** Notice.

**SUMMARY:** This Notice announces the annual adjustments to: (1) the "national average payments, "the amount of money the Federal Government provides States for lunches, meal supplements and breakfasts served to children participating in the National School Lunch and School Breakfast Programs; (2) the "maximum reimbursement rates," the maximum per lunch rate from Federal funds that a State can provide a school food authority for lunches served to children participating in the National School Lunch Program; and (3) the rate of reimbursement for a half-pint of milk served to nonneedy children in a school or institution which participates in the Special Milk Program for Children. The payments and rates are prescribed on an annual basis each July. The annual payments and rates adjustments for the National School Lunch and School Breakfast Programs reflect changes in the Food Away From Home series of the Consumer Price Index for All Urban Consumers. The annual rate adjustment for the Special Milk Program reflects changes in the Producer Price Index for Fluid Milk Products. These payments and rates are in effect from July 1, 1998 through June 30, 1999.

**EFFECTIVE DATE:** July 1, 1998.

**FOR FURTHER INFORMATION CONTACT:**

Robert M. Eadie, Chief, Policy and Program Development Branch, Child Nutrition Division, FNS, USDA, Alexandria, Virginia 22302, (703) 305-2620.

**SUPPLEMENTARY INFORMATION:** This action is not a rule as defined by the Regulatory Flexibility Act (5 U.S.C.

601-612) and thus is exempt from the provisions of that Act.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), no new recordkeeping or reporting requirements have been included that are subject to approval from the Office of Management and Budget.

This action is exempted from review by the Office of Management and Budget under Executive Order 12866.

National School Lunch, School Breakfast and Special Milk Programs are listed in the Catalog of Federal Domestic Assistance under No. 10.553, No. 10.555 and No. 10.556, respectively, and are subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR Part 3015, Subpart V, and the final rule related notice published at 48 FR 29114, June 24, 1983.)

#### Background

##### *Special Milk Program for Children*

Pursuant to section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1772), the Department announces the rate of reimbursement for a half-pint of milk served to nonneedy children in a school or institution which participates in the Special Milk Program for Children. This rate is adjusted annually to reflect changes in the Producer Price Index for Fluid Milk Products (Code 0231), published by the Bureau of Labor Statistics of the Department of Labor.

For the period July 1, 1998 to June 30, 1999, the rate of reimbursement for a half-pint of milk served to a nonneedy child in a school or institution which participates in the Special Milk Program is 13.00 cents. This reflects an increase of 4.65 percent in the Producer Price Index for Fluid Milk Products (Code 0231) from May 1997 to May 1998 (from a level of 135.4 in May 1997 to 141.7 in May 1998).

As a reminder, schools or institutions with pricing programs which elect to serve milk free to eligible children continue to receive the average cost of a half-pint of milk (the total cost of all milk purchased during the claim period divided by the total number of purchased half-pints) for each half-pint served to an eligible child.

##### *National School Lunch and School Breakfast Programs*

Pursuant to Sections 11 and 17A of the National School Lunch Act, (42 U.S.C. 1759a and 1766a), and Section 4 of the Child Nutrition Act of 1966, (42 U.S.C. 1773), the Department annually announces the adjustments to the

National Average Payment Factors and to the maximum Federal reimbursement rates for meals and supplements served to children participating in the National School Lunch Program. Adjustments are prescribed each July 1, based on changes in the Food Away From Home series of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor. The changes in the national average payment rates for schools and residential child care institutions for the period July 1, 1998 through June 30, 1999 reflect a 2.75 percent increase in the Price Index during the 12-month period May 1997 to May 1998 (from a level of 156.3 in May 1997 to 160.6 in May 1998).

Section 704(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193, enacted August 22, 1996, amended section 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) and changed the method for computing the annual adjustments to the national average payment rates for meals and supplements served to *nonneedy* children. Effective July 1, 1997, the annual adjustments to the payment rates for paid meals under Section 4 of the National School Lunch Act (42 U.S.C. 1753), and Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) and *paid* supplements under Section 17(c) of the National School Lunch Act (42 U.S.C. 1766(c)), authorized under Section 11(a)(3)(B) of the National School Lunch Act, is rounded down to the nearest whole cent. The annual adjustments to the Section 4 payments for free and reduced price meals and to the Section 17(c) payments for free and reduced price supplements, were unchanged by P.L. 104-193 and are rounded up or down to the nearest one-fourth cent.

##### *Lunch Payment Levels*

Section 4 of the National School Lunch Act (42 U.S.C. 1753) provides general cash for food assistance payments to States to assist schools in purchasing food. The National School Lunch Act provides two different Section 4 payment levels for lunches served under the National School Lunch Program. The lower payment level applies to lunches served by school food authorities in which less than 60 percent of the lunches served in the school lunch program during the second preceding school year were served free or at a reduced price. The higher payment level applies to lunches served by school food authorities in which 60 percent or more of the lunches served

during the second preceding school year were served free or at a reduced price.

To supplement these Section 4 payments, Section 11 of the National School Lunch Act provides special cash assistance payments to aid schools in providing free and reduced price lunches. The Section 11 National Average Payment Factor for each reduced price lunch served is set at 40 cents less than the factor for each free lunch.

As authorized under Sections 8 and 11 of the National School Lunch Act (42 U.S.C. 1757, 1759a), maximum reimbursement rates for each type of lunch are prescribed by the Department in this Notice. These maximum rates are to ensure equitable disbursement of Federal funds to school food authorities.

#### *Meal Supplement Payments in Afterschool Care Programs*

Section 17A of the National School Lunch Act (42 U.S.C. 1766a) authorizes elementary and secondary schools to be reimbursed for meal supplements as part of the National School Lunch Program if they meet the following requirements: (1) operate school lunch programs under the National School Lunch Act; (2) sponsor afterschool care programs; and (3) were participating in the Child and Adult Care Food Program as of May 15, 1989. The reimbursement rates for supplements served in Afterschool Care Programs under the National School Lunch Program are the same as the rates for supplements served in centers under the Child and Adult Care Food Program.

#### *Breakfast Payment Factors*

Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) establishes National Average Payment Factors for free, reduced price and paid breakfasts served under the School Breakfast Program and additional payments for free and reduced price breakfasts served in schools determined to be in "severe need" because they serve a high percentage of needy children.

#### **Revised Payments**

The following specific Section 4, Section 11 and Section 17A National Average Payment Factors and maximum reimbursement rates for lunch, the afterschool supplement rates and breakfast rates are in effect from July 1, 1998 through June 30, 1999. Due to a higher cost of living, the average payments and maximum reimbursements for Alaska and Hawaii are higher than those for all other States. The District of Columbia, Virgin Islands, Puerto Rico and Guam use the figures specified for the contiguous States.

#### **National School Lunch Program Payments**

##### *Section 4 National Average Payment Factors*

In school food authorities which served *less than 60 percent* free and reduced price lunches in School Year 1996-97, the payments for meals served are: *Contiguous States*—paid rate—18 cents, free and reduced price rate—18.75 cents, maximum rate—26 cents; *Alaska*—paid rate—30 cents, free and reduced price rate—30.25 cents, maximum rate—40 cents; *Hawaii*—paid rate—21 cents, free and reduced price rate—21.75 cents, maximum rate—30 cents.

In school food authorities which served *60 percent or more* free and reduced price lunches in School Year 1996-97, payments are: *Contiguous States*—paid rate—20 cents, free and reduced price rate—20.75 cents, maximum rate—26 cents; *Alaska*—paid rate—32 cents, free and reduced price rate—32.25 cents, maximum rate—40 cents; *Hawaii*—paid rate—23 cents, free and reduced price rate—23.75 cents, maximum rate—30 cents.

##### *Section 11 National Average Payment Factors*

*Contiguous States*—free lunch—175.50 cents, reduced price lunch—135.50 cents; *Alaska*—free lunch—284.25 cents, reduced price lunch—244.25 cents; *Hawaii*—free lunch—205.25 cents, reduced price lunch—165.25 cents.

*Meal Supplements in Afterschool Care Programs*—The payments are: *Contiguous States*—free supplement—53.25 cents, reduced price supplement—26.75 cents, paid supplement—4 cents; *Alaska*—free supplement—86.25 cents, reduced price supplement—43.25 cents, paid supplement—7 cents; *Hawaii*—free supplement—62.25 cents, reduced price supplement—31.25 cents, paid supplement—5 cents.

#### **School Breakfast Program Payments**

For schools "not in severe need" the payments are: *Contiguous States*—free breakfast—107.25 cents, reduced price breakfast—77.25 cents, paid breakfast—20 cents; *Alaska*—free breakfast—170 cents, reduced price breakfast—140 cents, paid breakfast—29 cents; *Hawaii*—free breakfast—124.50 cents, reduced price breakfast—94.50 cents, paid breakfast—23 cents.

For schools in "severe need" the payments are: *Contiguous States*—free breakfast—127.75 cents, reduced price breakfast—97.75 cents, paid breakfast—20 cents; *Alaska*—free breakfast—203 cents, reduced price breakfast—173 cents, paid breakfast—29 cents; *Hawaii*—free breakfast—148.25 cents, reduced price breakfast—118.25 cents, paid breakfast—23 cents.

#### **Payment Chart**

The following chart illustrates: the lunch National Average Payment Factors with the Sections 4 and 11 already combined to indicate the per meal amount; the maximum lunch reimbursement rates; the reimbursement rates for meal supplements served in afterschool care programs; the breakfast National Average Payment Factors including "severe need" schools; and the milk reimbursement rate. All amounts are expressed in dollars or fractions thereof. The payment factors and reimbursement rates used for the District of Columbia, Virgin Islands, Puerto Rico and Guam are those specified for the contiguous States.

BILLING CODE 3410-30-U

SCHOOL PROGRAMS				
MEAL AND MILK PAYMENTS TO STATES AND SCHOOL FOOD AUTHORITIES				
Expressed in Dollars or Fractions Thereof				
Effective from July 1, 1998 - June 30, 1999				
NATIONAL SCHOOL LUNCH PROGRAM *		LESS THAN 60%	60% OR MORE	MAXIMUM RATE
CONTIGUOUS STATES	PAID	\$ .1800	\$ .2000	\$ .2600
	REDUCED PRICE	1.5425	1.5625	1.7125
	FREE	1.9425	1.9625	2.1125
ALASKA	PAID	\$ .3000	\$ .3200	\$ .4000
	REDUCED PRICE	2.7450	2.7650	3.0100
	FREE	3.1450	3.1650	3.4100
HAWAII	PAID	\$ .2100	\$ .2300	\$ .3000
	REDUCED PRICE	1.8700	1.8900	2.0675
	FREE	2.2700	2.2900	2.4675
SCHOOL BREAKFAST PROGRAM		NON-SEVERE NEED		SEVERE NEED
CONTIGUOUS STATES	PAID	\$ .2000		\$ .2000
	REDUCED PRICE	.7725		.9775
	FREE	1.0725		1.2775
ALASKA	PAID	\$ .2900		\$ .2900
	REDUCED PRICE	1.4000		1.7300
	FREE	1.7000		2.0300
HAWAII	PAID	\$ .2300		\$ .2300
	REDUCED PRICE	.9450		1.1825
	FREE	1.2450		1.4825
SPECIAL MILK PROGRAM		ALL MILK	PAID MILK	FREE MILK
PRICING PROGRAMS WITHOUT FREE OPTION		\$ .13	N/A	N/A
PRICING PROGRAMS WITH FREE OPTION		N/A	\$ .13	Average cost 1/2 pint milk
NONPRICING PROGRAMS		\$ .13	N/A	N/A
SUPPLEMENTS SERVED IN AFTERSCHOOL CARE PROGRAMS				
CONTIGUOUS STATES	PAID		\$ .0400	
	REDUCED PRICE		.2675	
	FREE		.5325	
ALASKA	PAID		\$ .0700	
	REDUCED PRICE		.4325	
	FREE		.8625	
HAWAII	PAID		\$ .0500	
	REDUCED PRICE		.3125	
	FREE		.6225	

\* Payments listed for Free & Reduced Price Lunches include both sections 4 and 11 funds.

**Authority:** Sections 4, 8, 11 and 17A of the National School Lunch Act, as amended, (42 U.S.C. 1753, 1757, 1759a, 1766a) and sections 3 and 4(b) of the Child Nutrition Act, as amended, (42 U.S.C. 1772 and 42 U.S.C. 1773(b)).

Dated: June 26, 1998.

**George A. Braley,**

*Acting Administrator.*

[FR Doc. 98-17675 Filed 7-1-98; 8:45 am]

BILLING CODE 3410-30-U

## DEPARTMENT OF AGRICULTURE

### Food and Nutrition Service

#### **Child and Adult Care Food Program: National Average Payment Rates, Day Care Home Food Service Payment Rates, and Administrative Reimbursement Rates for Sponsors of Day Care Homes for the Period July 1, 1998-June 30, 1999**

**AGENCY:** Food and Nutrition Service,  
USDA.

**ACTION:** Notice.

**SUMMARY:** This notice announces the annual adjustments to the national average payment rates for meals served in child care, outside-school-hours care and adult day care centers; the food service payment rates for meals served in day care homes; and the administrative reimbursement rates for sponsors of day care homes to reflect changes in the Consumer Price Index. Further adjustments are made to these rates to reflect the higher costs of providing meals in the States of Alaska and Hawaii. The adjustments contained in this notice are required by the statutes and regulations governing the Child and Adult Care Food Program (CACFP).

**EFFECTIVE DATE:** July 1, 1998.

**FOR FURTHER INFORMATION CONTACT:** Robert M. Eadie, Branch Chief, Policy and Program Development Branch, Child Nutrition Division, Food and Nutrition Service, USDA, Alexandria, Virginia, 22302, (703) 305-2620.

**SUPPLEMENTARY INFORMATION:** This program is listed in the Catalog of Federal Domestic Assistance under No. 10.558 and is subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR Part 3015, Subpart V, and final rule related notice published at 48 FR 29114, June 24, 1983.)

This notice imposes no new reporting or recordkeeping provisions that are subject to Office of Management and Budget review in accordance with the

Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3518).

This action is not a rule as defined by the Regulatory Flexibility Act (5 U.S.C. 601-612) and thus is exempt from the provisions of that Act. This notice has been determined to be exempt under Executive Order 12866.

#### **Definitions**

The terms used in this notice shall have the meanings ascribed to them in the regulations governing the CACFP (7 CFR Part 226).

#### **Background**

Pursuant to sections 4, 11 and 17 of the National School Lunch Act (NSLA) (42 U.S.C. 1753, 1759a and 1766), section 4 of the Child Nutrition Act of 1966 (CNA) (42 U.S.C. 1773) and sections 226.4, 226.12 and 226.13 of the regulations governing the CACFP (7 CFR Part 226), notice is hereby given of the new payment rates for participating institutions. These rates shall be in effect during the period July 1, 1998 through June 30, 1999.

As provided for under the NSLA and the CNA of 1966, all rates in the CACFP must be revised annually on July 1 to reflect changes in the Consumer Price Index (CPI) for the most recent 12-month period. In accordance with this mandate, the Department last published the adjusted national average payment rates for centers, the food service payment rates for day care homes and the administrative reimbursement rates for sponsors of day care homes on July 14, 1997 at 62 FR 37702 (for the period July 1, 1997-June 30, 1998).

Section 704(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. 104-193, amended section 11a(3)(B) of the NSLA (42 U.S.C. 1759a(a)(3)(B)) and changed the method for computing the annual adjustments to the national average payment rates for meals and supplements served to *non-needy* children in day care centers. Beginning July 1, 1997, the annual adjustments to the payment rates for *paid* meals and *paid* supplements were rounded down to the nearest whole cent. The annual adjustments to the payments for free and reduced price meals and to the payments for free and reduced price supplements were unchanged by Pub. L. 104-193 and continue to be rounded up or down to the nearest one fourth cent.

Section 708(e)(1) of Pub. L. 104-193 also amended section 17(f)(3)(A) of the NSLA to establish two "tiers" of day care homes and reimbursement rates. Tier I homes are homes located in low-income areas or homes in which the provider's household income is at or

below 185 percent of the Federal income poverty guidelines. Tier II homes are those homes which do not meet the location or provider income criteria for a tier I home. However, tier II homes may receive the tier I rates for meals served to identified income-eligible children (i.e. children from households with incomes at or below 185 percent of the Federal income poverty guidelines).

Pub. L. 104-193 further specified in section 17(f)(3)(A)(ii) (III) and (IV) the reimbursement factors for meals served in tier I day care homes as the factors in effect on July 1, 1996, with adjustments made to the factors on July 1, 1997, and each July 1 thereafter. Pub. L. 104-193 further provided in section 17(f)(3)(A) (ii)(IV) and (iii)(I)(bb) (42 U.S.C. 1766(f)(3)(A) (ii)(IV) and (iii)(I)(bb)) of the NSLA that the factors paid to tier I and tier II homes be rounded down to the nearest whole cent, instead of rounding the factors up or down to the nearest quarter-cent increment as previously required. Subsequent adjustments must be based on the unrounded rate from the preceding school year. In addition, annual adjustments, which were previously based on changes in the CPI for food away from home, must now be made based on the CPI for food at home.

Please note that reimbursement rates for tier II family day care homes are set forth in section 17(f)(3)(A)(iii)(I)(aa) of the NSLA (42 U.S.C. 1766(f)(3)(A)(iii)(I)(aa)), as amended by section 708(e)(1) of Pub.L. 104-193. After these reimbursement rates were adjusted and rounded down to the nearest whole cent as required under the law, an additional six cents was added to the breakfast rate as required by section 4(b)(3) of the CNA of 1966, as amended (42 U.S.C. 1773(b)(3)). The CNA requires that all reimbursement rates for breakfasts served under the School Breakfast Program and the CACFP be adjusted upward by six cents. As background, this addition was first made in 1986, under Pub. L. 99-500, the School Lunch and Child Nutrition Amendments of 1986, which added three cents to adjusted breakfast rates to assist States in improving the nutritional quality of the breakfasts. This adjustment was raised from three cents to six cents in 1989 under Pub. L. 101-147, the Child Nutrition and WIC Reauthorization Act of 1989, for the same reason.

The payment rates for the period July 1, 1998-June 30, 1999 are: