

**Proposed Transfer of the Summer Food Service  
Program and the  
Child and Adult Care Food Program  
From the  
VIRGINIA DEPARTMENT OF HEALTH  
And the  
Fresh Fruit and Vegetable Program, National School Lunch  
Program, School Breakfast Program, and Special Milk Program  
From the  
VIRGINIA DEPARTMENT OF EDUCATION  
To the  
VIRGINIA DEPARTMENT OF AGRICULTURE AND  
CONSUMER SERVICES**

Prepared by: the Virginia Department of Agriculture and Consumer Services, the Virginia Department of Health, and the Virginia Department of Education pursuant to Item 89 of the 2016 Appropriations Act.

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## Executive Summary

Recognizing the opportunity to improve efficiency in the operations and oversight of Virginia's Child and Adult Nutrition Programs, the Office of the Governor and the 2016 Virginia General Assembly enacted legislation to develop a plan to transfer Virginia's responsibility for the federal nutrition programs of the United States Department of Agriculture (USDA) to the Virginia Department of Agriculture and Consumer Services (VDACS).

Currently in the Commonwealth, the USDA nutrition programs are housed in three separate agencies under three different Secretariats. The Virginia Department of Health (VDH) is located in the Office of the Secretary of Health and Human Resources. The Virginia Department of Education (VDOE) is located in the Office of the Secretary of Education. VDACS is located in the Office of the Secretary of Agriculture and Forestry.

Among the three agencies, the federal and state nutrition programs provide an estimated \$500 million dollars in funding and USDA food that support Virginia's nutrition programs for the children in local school divisions and childcare, low-income adults and families, and the chronically disabled. Combined, the three agencies administer 15 nutrition programs and employ approximately 50 staff working directly on the nutrition programs. In addition to the USDA food and reimbursement dollars, the USDA provides State Administrative Expense (SAE) funds for the administration of the USDA nutrition programs. During fiscal year (FY) 2016, Virginia received approximately \$4.9 million in SAE dollars divided among the three agencies operating nutrition programs.

The plan outlines funding amounts and positions associated with the impacted programs including an estimate of whether such transfer of the nutrition programs would create cost savings or generate additional costs during the transitional period and over the long-term. Additionally, the plan provides an assessment of any potential administrative impacts on the local school divisions, VDOE and VDH. Finally, the plan affords decision makers with information covering the opportunities and challenges relative to the transfer of the nutrition programs to a single agency and the impact and the magnitude of the consolidation project.

The challenges, estimated funding, and time required to transfer the nutrition programs to VDACS are significant; however, merits and opportunities demonstrate the Commonwealth's visionary and progressive leadership while validating its determination to utilize resources in the most effective and efficient manner.

The legislation<sup>1</sup> specifically requires the development of a plan for the consolidation of the nutritional feeding programs at VDACS. The proposed plan to transfer the nutrition programs from VDH and VDOE to VDACS embraces a three "phase" approach. With any consolidation of the nutrition programs, the Governor and the General Assembly may wish to create a steering committee with a project manager and representatives from each of the three agencies to lead the project.

**Phase I** requirements involve multifaceted tasks including considering possible changes to the Code of Virginia, defining funding resources, and acquiring information technology equipment and other resources required by VDACS to properly support the VDH nutrition programs.

**Phase II** includes the transfer of the two VDH nutrition programs, the Summer Food Service Program (SFSP) and the Child and Adult Care Food Program (CACFP), including the 20 program positions to VDACS.

**Phase III** will include the transfer of the following federal nutrition programs from VDOE to VDACS: Fresh Fruit and Vegetable Program; National School Lunch Program (NSLP) including the School Breakfast Program (SBP);

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<sup>1</sup> Item No. 89 of the 2016 Appropriations Act.

## Executive Summary (continued)

Afterschool Snack Program (ASP); Special Milk Program; a federal Equipment Assistance Grant; and, if applicable, Virginia 365 Project. The transfer also will include the following state-supported nutrition programs (i) State Revenue Matching Requirements, (ii) School Breakfast Incentive Program, and (iii) Alternative Breakfast Funding Program.

The VDOE federal nutrition program reimbursement payments are critical to the continued operation of the local school divisions. During the federal FY 2016, DOE reimbursed the local school divisions approximately \$350 million in federal pass-thru dollars under the NSLP. Any transfer of these programs must ensure that there is minimal interruption to the reimbursement process to the local school divisions.

Transferring the USDA nutrition programs to a single agency is a complex and significant undertaking. One of the most important factors is the administrative impact on the agencies and their customers. The administrative impact at VDH and VDOE resides mostly in two areas: (i) administrative positions assigned to and working on the nutrition programs on a percentage basis from other operational areas, such as finance, and (ii) reduced indirect cost recoveries. With the transfer of the nutrition programs to VDACS, VDH estimates it will see a reduction of \$79,736 in indirect cost recoveries and will need to re-allocate \$343,661 in funding within its budget to fully support the cost of administrative staff positions not transferred to VDACS. VDOE reports that it will see a reduction in its indirect cost recoveries of an estimated \$104,930.

Local school divisions seem to see consolidation of the nutrition programs within a single agency as beneficial, especially in the reduction of duplicate processes and reviews. However, the local school divisions expressed concerns relative to ensuring that the federal nutrition program reimbursement payments are not interrupted. Regardless of the outcome of any proposed plan to consolidate the nutrition programs within a single agency, it is paramount that the nutrition program reimbursement payments are not interrupted. Without the reimbursement payments, local school divisions could not continue to provide services, and the education and well-being of Virginia's children would deteriorate substantially.

In gathering information for the drafting of the plan to consolidate programs within VDACS, it became apparent that existing differences in available resources, information technology, and existing personnel within the various agencies afforded other possible viable options for consolidation. One option that the Governor and the General Assembly may wish to consider is the transfer of the VDH programs to VDOE which involves relocating approximately 20 positions at VDH between SFSP and CACFP. The consolidation would include the transfer of the Colyar Consulting Groups<sup>2</sup> software program application and may result in some additional contract costs. No changes in the Code of Virginia are necessary; however, an agreement with the USDA would be necessary.

Transferring all of the Commonwealth's nutrition programs to a single agency (whether VDACS or another agency) presents a "high profile" endeavor. It is critical that the complexities and impacts of the project be recognized, dissected, and resolved before moving forward with transferring the nutrition programs to a single agency. Indications are that consolidation of the nutrition programs within a single agency would generate efficiencies, reduce duplicate reviews and services, afford opportunities for program evolution, and create savings in the future.

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<sup>2</sup> VDOE recently finalized a contract with Colyar Consulting Group for a new software application to support its nutrition programs. With VDH and VDOE utilizing the same software application vendor, the integration of the individual systems should be relatively seamless.

## ❖ Introduction

Recognizing the opportunity to improve efficiency in the operations and oversight of Virginia's Child and Adult Nutrition Programs, the Office of the Governor and the 2016 Virginia General Assembly enacted legislation to require the development of a plan to transfer Virginia's responsibility for the Federal Nutrition Programs of the U.S. Department of Agriculture (USDA) from the Virginia Department of Health (VDH) and the Virginia Department of Education (VDOE) to the Virginia Department of Agriculture and Consumer Services (VDACS).

Item 89 of the 2016 Appropriations Act:

*The Virginia Departments of Education, Health, and Agriculture and Consumer Services shall develop a plan for the transfer of the Summer Food Services Program and the Child and Adult Care Program from the Virginia Department of Health, and the Fresh Fruit and Vegetable Program, National School Lunch Program, School Breakfast Program, and Special Milk Program from the Virginia Department of Education to the Virginia Department of Agriculture and Consumer Services in an effort to house feeding programs under one agency, and shall submit such plan to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees no later than November 15, 2016. Such plan shall detail the funding amounts and positions associated with the impacted programs, and include an estimate of whether cost savings or additional costs would be incurred, both during the transition and over the long-term, from the transfer of these programs. The review shall also assess any potential administrative impacts on the local school divisions, the Department of Education and the Department of Health. No transfer of positions or funding shall occur without prior approval of the General Assembly at the 2017 Regular Session.*

- Goal - To develop a plan “for the transfer of the Summer Food Service Program and the Child and Adult Care Food Program from the Virginia Department of Health, and the Fresh Fruit and Vegetable Program, National School Lunch Program, School Breakfast Program, and Special Milk Program from the Virginia Department of Education to the Virginia Department of Agriculture and Consumer Services in an effort to house programs under one agency.”<sup>3</sup>
- Objectives
  - To present a plan that outlines funding amounts and positions associated with the impacted programs, including an estimate of whether such transfer of the nutrition programs would create cost savings or generate additional costs during the transitional period and over the long-term.
  - To provide an assessment of any potential administrative impacts on the local school divisions, VDOE and VDH.
  - To afford decision makers with information that will provide an understanding of the opportunities and challenges relative to the transfer of the nutrition programs to a single agency and the impact and the magnitude of the consolidation project.

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<sup>3</sup> Item 89 of the 2016 Appropriations Act.

## ❖ Introduction (continued)

- To pose options that are not mandated by the legislation located in Item Number 89 of the 2016 Appropriations Act so that decision makers may consider various models of consolidation to impart efficiency in the delivery of services in the child and adult nutrition programs.

The Governor's budget and the associated legislation were intended to increase the effectiveness of state administration of Virginia's child and adult nutrition programs and limit duplication of oversight at both the state and federal level. Currently in the Commonwealth, USDA's nutrition programs are administered by three different state agencies under three separate Secretariats.

The federal nutrition programs are authorized under the Child Nutrition Act.<sup>4</sup> The congressional reauthorization of the Child Nutrition Act occurs every five years though the programs are permanently authorized. The last re-authorization, the Healthy, Hunger-Free Kids Act (HHFKA) of 2010, expired September 30, 2015. Congress has not reauthorized HHFKA as of the writing of this report, and indications suggest substantial changes are forthcoming.

USDA's Office of Food and Nutrition Services (FNS) provides federal dollars and USDA food and oversees the programs and services in the Commonwealth. These programs and services afford healthy and safe food, a nourishing diet, and nutrition education to school children, infants, children in child care, and low-income adults and families, all of which are investments that support education, promote healthy participants, and reduce hunger.

In addition to USDA food and reimbursements, USDA provides federal funds known as state administrative expense (SAE) dollars, which can be utilized by the Commonwealth for the salaries, benefits, and other items directly related to the administration of the nutrition programs. During federal FY 2016, Virginia received approximately \$4.9 million in SAE funds divided among the three state agencies operating USDA programs. The \$4.9 million does not include any carry forward dollars from the previous year or any adjustments during the year. USDA allows a 20 percent carry forward from the previous year.

In selecting VDACS as the agency to host the consolidation, consideration was given to the agency's effective and efficient program operations with minimal staffing levels as well as its excellent working relationships with constituents. Additionally, VDACS already works with schools through the Food Distribution Program, promotes the Farm to School Program in Virginia, and works with food banks on The Emergency Food Assistance Program (TEFAP). VDACS has a strong understanding of the federal nutrition programs and a close working relationship with USDA. The transfer of the nutrition programs to a single agency affords the Commonwealth the opportunity to improve services and, over time, derive savings.

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<sup>4</sup> Re-authorization amends the two existing statutes; the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966.

## ❖ **Frequently Used Acronyms**

ASP means the Afterschool Snack Program, which is currently managed by VDOE.

CACFP means the Child and Adult Care Food Program, which is currently managed by VDH.

CSFP means the Commodity Supplemental Food Program, which is currently managed by VDACS.

HHFKA means the Healthy, Hunger-Free Kids Act.

NSLP means the National School Lunch Program, which is currently managed by VDOE.

SAE means state administrative expense.

SBP means the School Breakfast Program, which is currently managed by VDOE.

SFSP means the Summer Food Service Program, which is currently managed by VDH.

TEFAP means The Emergency Food Assistance Program, which is currently managed by VDACS.

USDA means the U.S. Department of Agriculture.

VDACS means the Virginia Department of Agriculture and Consumer Services.

VDOE means the Virginia Department of Education.

VDH means the Virginia Department of Health.

## ❖ Nutrition Programs - Current Operations

Currently in the Commonwealth, USDA's nutrition programs are administered by three different state agencies under three separate Secretariats. USDA serves as the cognizant agency for all Virginia nutrition programs.

VDH is located in the Office of the Secretary of Health and Human Resources and manages two federal nutrition programs—the Summer Food Service Program (SFSP) and the Child and Adult Care Food Program (CACFP). SFSP provides USDA food and reimbursements for meals provided to children during the summer months and served approximately 143 sponsors (78 school divisions, 50 community based non-profits, and 15 governmental agencies) with approximately 1,443 sites during federal FY 2015. The program is available only to schools, nonprofits, and government agencies. CACFP offers USDA food and aid to provide nutritious meals for children, older adults, and chronically impaired disabled individuals. In the federal FY 2015, the CACFP served approximately 400 sponsors, which are schools, nonprofits, for profits, and government agencies that provide day care services or after school activities. Both nutrition programs are considered federal entitlement grant awards, which continue to allocate (within parameters) USDA food and meal reimbursements as long as documentation for the claims support the additional funding request. Virginia is one of only a handful of states to administer SFSP and CACFP in a separate agency from the National School Lunch Program (NSLP). When Virginia took over the management of SFSP and CACFP in FY 2010, VDOE elected not to incorporate these programs into its Office of School Nutrition Programs. VDH accepted the programs and has administered them adeptly but must duplicate the oversight of approximately 78 school divisions that participate in multiple programs. VDH reimbursed sponsors a total of approximately \$57 million for meals in the federal FY 2015.

VDOE is located in the Office of the Secretary of Education, and its Office of School Nutrition Programs manages a number of federal nutrition programs. The largest federal nutrition program is NSLP, which not only encompasses school lunch programs but also the School Breakfast Program (SBP) and the Afterschool Snack Program (ASP). Additionally, the Special Milk Program is included in NSLP and provides milk to children in schools and childcare institutions not participating in other federal meal service programs. NSLP provides federal reimbursements to local school divisions for paid, reduced, and free nutritionally balanced meals provided to children each school day.<sup>5</sup> During federal FY 2016, VDOE reimbursed Virginia's local school divisions approximately \$350 million in federal pass-thru dollars under NSLP.

VDOE's Office of School Nutrition Programs also administers three additional USDA grants: (i) the Fresh Fruit and Vegetable Program, (ii) Virginia 365 Project, and (iii) a federal Equipment Assistance Grant. The Fresh Fruit and Vegetable Program introduces school children to a variety of fresh produce and provides fresh produce as a snack during the day for elementary schools but outside of the lunch or breakfast programs. To qualify for the program, a minimum of 50 percent of the enrolled students must be eligible for the free or reduced priced meals.

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<sup>5</sup> The National School Lunch Program was established under the Richard B. Russell National School Lunch Act, signed by President Harry Truman in 1946.



## ❖ Nutrition Programs - Current Operations (continued)

Virginia 365 Project is a federally supported pilot program to develop new solutions to end childhood hunger by ensuring that children have access to healthy meals where they live, learn, and play 365 days a year. The Virginia 365 Project tests the impact of providing (i) three meals a day to all children in select schools during the school year, (ii) food for weekends and school breaks, and (iii) more resources for low-income households to purchase food during the summer months. The Virginia Project 365 ends in September 2018. The Equipment Assistance Grant provides funds to the local school divisions allowing the purchase of equipment to serve healthier meals. VDOE awards equipment assistance grants to eligible schools through a competitive process. With the exception of the Fresh Fruit and Vegetable Program and the Equipment Assistance Grant, the nutrition programs at VDOE are also considered entitlement grant awards.

Finally, VDOE's Office of School Nutrition Programs manages the following state-supported nutrition programs (i) State Revenue Matching Requirements, which is required by the federal NSLP to provide a minimum level of state funding to local school divisions annually for NSLP; (ii) School Breakfast Incentive Program, which is a state supported incentive that provides additional dollars for increased student participation in the program; and (iii) Alternative Breakfast Funding, which provides dollars for participation in the Breakfast After the Bell programs to incentivize school divisions to increase the number of breakfasts served or implement alternative service models for breakfast.

The Commonwealth's general fund and the Lottery Proceeds Fund provide the funding for the state-supported nutrition programs at VDOE. Traditionally, the Lottery Proceeds Fund has been appropriated by the Virginia General Assembly to support the state match for NSLP and to fund breakfast programs at VDOE. In FY 2017, the Lottery Proceeds Fund will transfer \$3.9 million to support the breakfast program. As the plan contemplates the transfer of VDOE's nutrition programs to another state agency, clarification was needed to establish the legal use of the Lottery Proceeds Fund.

In 1987, the Virginia General Assembly passed the Virginia Lottery Law and established the Department of the Virginia Lottery. Within the Virginia Lottery Law, a special non-reverting fund known as the Lottery Proceeds Fund was created. Additionally, the Virginia Lottery Law stipulated that "*in addition to such other funds as may be appropriated, 100 percent of the lottery revenues transferred to the Lottery Proceeds Fund shall be appropriated entirely and solely for the purpose of public education in the Commonwealth...*".<sup>6</sup> A legal opinion was requested from the Office of the Attorney General. The opinion from the Office of the Attorney General indicated that the appropriation of the Lottery Proceeds Fund is not restricted to one specific agency as long as the funds are utilized for education.

VDACS is located in the Office of the Secretary of Agriculture and Forestry. VDACS administers the following federal nutrition programs (i) the Food Storage and Distribution Program, which works with VDH and VDOE in ordering, storing, and distributing USDA food within the Commonwealth; (ii) The Emergency Food Assistance Program (TEFAP), which helps supplement

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<sup>6</sup> Va. Code § 58.1-4022(D).

## ❖ Nutrition Programs - Current Operations (continued)

the diet of low-income citizens; and (iii) the Commodity Supplemental Food Program (CSFP), which serves senior citizens with limited household income<sup>7</sup> who are age 60 or older. VDACS orders, distributes, and oversees USDA food for the Commonwealth and utilizes four contracted distribution centers in managing USDA food for Virginia's 132 public school divisions, 63 private sponsors, and the two VDH nutrition programs. The school divisions' and private sponsors' annual budget is close to \$30 million in USDA food, while VDH sites' annual budget is an estimated \$75,000 in USDA food.

Additionally, VDACS manages the storage of USDA food at seven food banks for TEFAP. TEFAP serves between 400-500 food pantries (mostly churches). As part of the grant award for TEFAP, the agency receives federal funds to support one administrative staff position and other direct expenses associated with the program. However, the majority of the TEFAP federal grant award is pass-thru funds to the seven food banks. Of the seven food banks, two also participate in CSFP. CSFP is a new program that provides cases of food to qualified individuals, currently has an estimated 10 sites, and is continually adding new sites. VDACS receives federal grant awards for CSFP; however, all federal dollars are direct pass-thru funds to the food banks.

The following table outlines the federal nutrition programs by secretarial office and agency and includes the funding and positions by category:

<b>Office of the Secretary of Health and Human Resources</b>					
Agency	Program	Funding and Positions (FY 2016)			
		Federal Dollars <sup>8</sup>	Federal Positions	State Dollars	State Positions
Department of Health	Summer Food Service Program (SFSP) provides meals to children during the summer months	\$ 10 million			
	Child and Adult Care Food Program (CACFP) reimbursements for meals served to eligible participants	\$46 million	20 positions between both nutrition programs 4.32 <sup>9</sup> additional positions		

<sup>7</sup> Health and Human Services, US Government. The household incomes cannot exceed 130 percent of the national poverty level. The national poverty level for a family of four is \$24,300.

<sup>8</sup> The amount does not include the SAE dollars used to fund the expenses (including salary and benefits) of the nutrition staff.

<sup>9</sup> The positions charge only a percentage of the time worked to the nutrition programs and the positions will not transfer.

Office of the Secretary of Education					
Agency	Program	Funding and Positions (FY 2016)			
		Federal Dollars <sup>10</sup>	Federal Positions	State Dollars	State Positions
Department of Education	Fresh Fruit and Vegetable Program introduces school children to a variety of fresh produce as a snack during the school day but outside of the lunch or breakfast program.	\$ 4.175 million			
	National School Lunch Program (NSLP), School Breakfast Program (SBP), and Afterschool Snack Program (ASP) provide federal reimbursement to local educational agencies (LEAs) for the number of meals served by eligibility category (paid, reduced, and free). Meals must meet federal nutritional requirements. <sup>11</sup>	NSLP Combined (NSLP, SBP, and ASP) \$ 349 million	15.5 positions between all nutrition programs		
	Special Milk Program provide milk to children in private schools and institutions that do not participate in NSLP or SBP	\$ 120,000 <sup>12</sup>			
	Discretionary USDA grants - primarily annual NSLP equipment grants to fund NSLP equipment for local school divisions that apply and qualify.	\$ 582,765			
	Demonstration Grant to End Childhood Hunger (Virginia 365 Project) is a federally-funded grant to implement pilot programs to end childhood hunger. The grant ends September 30, 2018.	3 Year Award 2015 – 2018 \$ 7.6 million	3 <sup>13</sup>		

<sup>10</sup> The amount does not include the SAE dollars used to fund the expenses (including salary and benefits) of the nutrition staff.

<sup>11</sup> The program was established under the National School Lunch Act, signed by President Harry Truman in 1946 and provides established nutritional guidelines.

<sup>12</sup> Program began on July 1, 2016 (Federal FY 2016 ended on September 30, 2016).

<sup>13</sup> The positions are funded directly by the Virginia 365 Project.

Office of the Secretary of Education					
Agency	Program	Funding and Positions (FY 2016)			
		Federal Dollars	Federal Positions	State Dollars	State Positions
Department of Education	State Revenue Matching Requirement. The state is required by federal NSLP regulations to provide a minimum level of state funding to local school divisions annually for the NSLP. Also, included is the State Funding Requirement, which is required by federal NSLP regulations to provide a minimum level of state funding to support central office administration costs for USDA programs. The dollars fund the position of the Director of the School Nutrition Programs.			\$ 5,801,932  \$ 173,492	1
	School Breakfast Incentive for increased student participation (Lottery Fund)			\$ 3.8 million	
	Breakfast After the Bell alternative service model pilot program funding provide state funds to incentivize school divisions to increase the number of breakfast meals served per student or to implement alternative service models for breakfast, including serving meals after the bell.			\$ 537,000	

Office of the Secretary of Agriculture and Forestry					
Agency	Program	Funding and Positions (FY 2016)			
		Federal Dollars	Federal <sup>14</sup> Positions	State Dollars	State Positions
Department of Agriculture and Consumer Services	Food Distribution Program works with schools and VDH in ordering, storing, and distributing USDA food and the Farm to School Program.	\$ 30 million Non-monetary Federal (value of food)	4	\$ 199,209	2
	The Emergency Food Assistance Program (TEFAP) helps supplement the diet of low-income individuals.	\$ 1.8 million <hr/> \$ 10 million Non-monetary Federal (value of food)	1	\$ 86,005	1
	Commodity Supplemental Food Program (CSFP) serves seniors with limited household income who are age 60 or older.	\$ 279,486 <hr/> \$ 34,869 Non- monetary Federal (value of food)			

As illustrated in the preceding table, Virginia's nutrition programs encompass significant state and federal resources allocated among the three state agencies.

All three agencies rely on USDA applications, guidelines, and templates relative to eligibility applications and determinations, reimbursements, and compliance reviews. In FY 2015, VDH purchased a software application from Colyar Consulting Group<sup>15</sup> to process program information and reimbursements. SFSP is fully operational and CACFP was implemented July 1, 2016. VDH's application is the Child/Adult Application and Meal Payment System and is referred to as CHAAMPS. VDOE also recently signed a contract with Colyar Consulting Group for a new school nutrition software application to replace the existing School Nutrition Program (SNP) web application. VDACS utilizes USDA's Web Based Supply Chain Management (WBSCM) system and the Commonwealth's CARDINAL accounting system to manage and process the USDA program documents, information, reimbursements, etc.

<sup>14</sup> The amount does not include the SAE dollars used to fund the expenses (including salary and benefits) of the nutrition staff.

<sup>15</sup> Colyar Consulting Group is a nationally recognized organization with nutrition software applications utilized in over 30 states.

## ❖ Summary of Opportunities and Challenges

Transferring all of the Commonwealth's nutrition programs to a single agency (VDACS) presents a "high profile" endeavor. Neither the opportunities nor the challenges should be underestimated. It is critical that the complexities and impacts of the project be recognized, dissected, and resolved before moving forward with transferring the nutrition programs to VDACS. The following is a list of possible opportunities and challenges:

### ○ Opportunities:

- ✓ Provides centralized contact for school divisions/sub-recipients/clients/sites
- ✓ Improves communication and overall effectiveness of the programs
- ✓ Eliminates duplicate oversight and review services
- ✓ Provides for improved internal controls over functions and processes and lessens the opportunities for fraud, waste, and abuse of program dollars
- ✓ Fosters efficiencies and improves the quality of services
- ✓ Reduces travel expenses
- ✓ Allows the development of an overarching goal with objectives for the nutrition programs
- ✓ Enhances opportunities for consolidation of the nutrition program activities and functions while enabling cross-training in the various aspects of the programs
- ✓ Precipitates possible adjustments in staffing levels
- ✓ Expands the programs and program participation
- ✓ Demonstrates Virginia's progressive leadership

### ○ Challenges:

- ✓ Enactment of changes to the Code of Virginia and the Appropriations Act
- ✓ Development and approval of legislation directing the transfer of nutrition programs to VDACS
- ✓ Defining funding sources, including any additional funding impacts at VDH and VDOE
- ✓ Adaptation/negotiation of agreements with USDA
- ✓ Revisions to proprietary nutrition program applications developed and owned by VDOE (system access)
- ✓ Modification/negotiation of agency contracts with nutrition application vendors
- ✓ Increases in physical facilities costs, including annual rent, furniture, moving, and relocation of staff to VDACS, with only limited decreases at VDH and VDOE
- ✓ Increases in technology costs, including system applications, computers, hardware, and servers, and annual maintenance costs at VDACS, with only limited decreases at VDH and VDOE
- ✓ Consideration of the Virginia Information Technologies Agency's (VITA's) role and involvement in any technology or application contracts or purchase of technology equipment
- ✓ Status of the transition to the Comprehensive Infrastructure Agreement replacement for the Northrop Grumman contract

## Summary of Opportunities and Challenges (continued)

- ✓ Cardinal CIPPS Project<sup>16</sup> will limit time available for the transition of the nutrition programs
- ✓ Review (Classification and Compensation Study) and coordination of position descriptions; compensation adjustments at VDACS, VDH, and VDOE
- ✓ Transfer of decentralized agencies' organizational structures to a centralized agency organizational structure

### ❖ Plan Overview

The transfer of all the nutrition programs to VDACS constitutes a vast and complicated project. A project this all-encompassing will require significant resources and time as well as the leadership and commitment of all participants. To successfully proceed with the transfer of all the USDA nutrition programs to VDACS, it is suggested that the Commonwealth utilize a “phase” approach. The phase approach should establish realistic timelines with discernable milestones.

A steering committee should be created and comprised of a program staff person from each of the three agencies, a VDACS financial staff person, a VDACS budget staff person, a VDACS information technology staff person, and a project manager to guide the project implementation. At the completion of each project phase, a brief analysis of the successes and any concerns should be performed to employ the successes and neutralize any concerns as the project moves to the subsequent phases.

In transferring the nutrition programs to VDACS, the challenges, estimated funding, and time required cannot help but rouse trepidations; however, the merits and opportunities demonstrate the Commonwealth's visionary and progressive leadership while validating its determination to utilize resources in the most effective and efficient manner. The proposed plan to transfer the nutrition programs from VDH and VDOE to VDACS embraces a three “phase” approach.

### ❖ Phase I – VDACS Requirements

Phase I requirements involve multifaceted tasks including considering possible changes to the Code of Virginia, defining funding resources, and acquiring information technology equipment and other resources.

The Phase I steps are outlined below:

1. Revisions to the Code of Virginia and the Appropriations Act. For example, a section of the Code of Virginia establishes the Superintendent of Public Instruction as the designated State Educational Agency for the disbursements of the funds received by the Commonwealth under the provisions of the National School Lunch Act.<sup>17</sup>

In the interim, additional language could be included in the Appropriations Act to allow the plan to move forward while waiting on the changes to the Code of Virginia.

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<sup>16</sup> The statewide CARDINAL CIPPS project started in August 2016, involves 243 agencies, and will continue until October 2018. The mandate requires the conversion of the state's 30 year old payroll system into CARDINAL and will necessitate an estimated eight hours weekly for the agency fiscal director and 2.5 to four hours weekly for subject matter experts (SMEs).

<sup>17</sup> Va. Code § 22.1-24.

## ❖ Phase I – VDACS Requirements (continued)

2. Defining and finalizing the funding sources for any proposed transfer of the nutrition programs.
3. Modifications to agreements with USDA – Agreements will need to be revised and updated between USDA and VDACS.
4. Negotiations relative to vendor contracts – Vendor contracts will need revision and a determination made as to the ownership of vendor software applications currently contracted with VDH and VDOE.
5. Analysis and acquisition of information technology applications and systems to operate the VDH nutrition programs.
6. Analysis and incorporation of fiscal, budget, and grant processes into VDACS’s existing administrative processes. The Commonwealth’s accounting system involves a number of activities to incorporate new programs into an agency’s operational processes.
7. Acquisition of facilities, including office space and furniture, and moving/relocations.
8. Evaluation of staffing levels, hiring of a Director of Nutrition Programs, and other administrative activities such as salary adjustments (Classification and Compensation Study) and staff development and training.

The Phase I VDACS requirements and the transfer of VDH’s two nutrition programs in Phase II overlap one another. The overlap involves VDACS’s ability to secure the information technology equipment and software applications and the information technology staff as well as to hire new administrative staff to properly support the VDH nutrition programs.

### ○ Phase I - Estimated Costs/Savings: Transition and Long-Term

VDACS’s current office space in the Oliver Hill Building will not accommodate the nutrition program staff from VDH and VDOE. At this point, the supposition is that the current nutrition program staff and any direct program administrative support staff at VDH, VDOE, and VDACS would be relocated in a single office space in the Capitol Complex.<sup>18</sup> Any projected increase in VDACS’s administrative support staffing levels would utilize the space vacated by VDACS’s program staff in the Oliver Hill Building.

The administrative impact on VDACS reflects additional transitional costs of \$2.4 million. A detail estimate of the annual and the long-term costs to support the additional information technology infrastructure, information technology staff, administrative staff, and facilities is included in the appendices on Table A. Included in Table B of the appendices is the existing cost (salary and benefits) of the VDACS and VDH nutrition program staff, which is funded by SAE dollars.

A significant portion (\$1.1 million) of the transitional cost is the informational technology equipment and staff. The software applications (Colyar) that support the federal nutrition programs at VDH use a Microsoft Structured Query Language (SQL) Server database to store information submitted by the schools and the other participants/constituents. VDACS’s technology utilizes an Oracle database for its 56 agency applications, and, currently, the hardware

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<sup>18</sup> Does not include other VDACS administrative or other program staff.



## ❖ Phase I – VDACS Requirements (continued)

and software environment necessary to support the SQL Server database does not exist at VDACS. Additionally, VDACS does not have a database administration staff with SQL Server experience, does not have any development staff that can assist in providing support for the applications, does not have a contract administrator available to support the extensive system contracts, and does not have a project manager to manage the transition to VDACS or to manage the applications once re-located to VDACS.

Neither future costs (other than the annual recurring costs described in Table A) nor future savings can be determined at this time. However, it should be noted that the consolidation of similar programs, functions, and processes under a single agency will more than likely generate future savings through changes in the staffing level, increased program knowledge and communication, reduced travel expenses, and advances in technology and its application. However, one should consider that growing the programs and program participation may require additional resources.

Information gathered indicates that a significant share of the VDACS costs may be funded by utilizing SAE dollars. SAE dollars are available for use for any allowable expense related to the implementation and operation of the USDA nutrition programs within the state. Routinely, only each state's allocation of SAE dollars is available for expenses related to the state's nutrition programs; however, USDA does have a re-allocation process. A state may request a share of any de-obligated dollars from other states. This process is usually in the spring of the year and is a one-time request. Unfortunately, USDA usually has more requests than funds available. Capital expenses, such as construction of a building, are the primary unallowable expenses.<sup>19</sup>

Currently, VDACS operates with a minimal administrative staffing level. As outlined in Table A of the appendices, additional administrative staff will be needed. An increase in the program staffing levels and program operations will generate the need for additional administrative staff to handle federal cash drawdown requirements, monitor revenues, process vendor payments and travel reimbursements, administer payroll and benefits, manage procurement, oversee the grants, and direct financial management and internal audit. The requirement for additional administrative staff will need to be resolved to adequately provide support for the nutrition programs being transferred. The costs in Table A represent an investment in technology and staffing levels needed to provide the expertise necessary for a successful transfer of the nutrition programs from VDH to VDACS. Consolidating the VDH nutrition programs into VDACS will double VDACS's agency budget and increase its employment level by five percent.

### ○ Phase I - Timeline

The suggested timeline to complete the Phase I legislative and other legal requirements is July 1, 2018, followed by a minimum six-month period to allow VDACS sufficient time to acquire the information technology equipment, facilities, and other program requirements. Thus, Phase I would have an expected completion date of December 31, 2018. Delays in the initial phase will more than likely defer the timelines for Phases II and III.

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<sup>19</sup> USDA, Office of Special Nutrition Programs

## ❖ Phase II - VDH Program Transfer

Before initiating Phase II, the following steps should be completed:

1. Hiring of a Director of the Nutrition Programs.
2. Classification and Compensation Study performed.
3. Hiring process for new VDACS administrative staff developed.
4. All Phase I requirements are complete and information technology equipment operational.
5. Finally, it is suggested that VDACS successfully complete User Acceptance Testing (UAT) of the new information technology equipment/software.

Phase II includes the transfer of the two VDH nutrition programs, SFSP and CACFP, to VDACS. Currently, the 20 VDH nutrition program staff positions are assigned responsibilities across the two nutrition programs. Therefore, it will be necessary to transfer all the VDH nutrition positions to VDACS simultaneously.

### ○ Phase II Estimated Costs/Savings: Transition and Long-Term

The transitional (new) costs associated with the relocation (facilities) of VDH nutrition program staff is estimated at \$534,074 and is shown in detail in the appendices on Table A. Included in Table B of the appendices is the existing cost (salary and benefits) of VDACS and VDH nutrition program staff, which is funded by SAE dollars and does not represent any additional (new) costs.

Neither future costs other than the annual recurring costs in Table A nor future savings can be determined at this time. However, it should be noted that the consolidation of similar programs, functions, and processes under a single agency will more than likely generate future savings through changes in the staffing level, increased program knowledge and communication, reduced travel expenses, and advances in technology and its application. However, one should consider that growing the programs and program participation may require additional resources.

### ○ Phase II - Timeline

The transfer of VDH positions associated with the nutrition programs and the associated activities, functions, and processes should be transferred to VDACS on or before March 31, 2019, and should be complete and fully operational by October 1, 2019.

No later than December 31, 2019, the Director of the Nutrition Programs and VDH and VDACS members from the steering committee should evaluate the activities, functions, and processes of SFSP and CACFP. The evaluation can provide an insight as to the effectiveness and efficiencies of the programs or lack thereof and develop suggestions for improvements to the programs and help to assimilate the programs and program staff with the VDACS nutrition programs and staff.

## ❖ **VDH - Administrative Impact**

Several of the positions in VDH's two nutrition programs allocate only a percentage of their time to the two nutrition programs and will not be relocated to VDACS. These positions are assigned responsibilities in other programs at VDH such as the Women, Infants, and Children program. With the transfer of the nutrition programs to VDACS, VDH estimates it will need to re-allocate \$343,661 in funding within its budget to fully support the cost of administrative staff positions not transferred to VDACS. Additionally, VDH estimates it will see a reduction of \$79,736 in indirect cost recoveries.

## ❖ **Phase III – VDOE Program Transfer**

Phase III requirements face a major concern relative to the transfer of VDOE's school nutrition programs. VDOE's proprietary application, Single Sign-On Web System (SSWS), was developed and is owned by VDOE. SSWS is a secure portal that allows a designated staff from each local school division to access and enter information into VDOE's School Nutrition Program (SNP) application and other VDOE proprietary applications such as the Educational Registration Application (ERA). Information collected in ERA is VDOE's official means of identifying schools and staff for reporting, mailings, contacts for web-based data submissions, and the Virginia Educational Directory. All contact data within ERA must be kept current. SSWS is also used to access information for the School Quality Profile, which contains data relative to the performance of each school, funding formulas, food program participation, national data, and other information.

Transferring VDOE's nutritional programs to another state agency will require that the new agency have access to the SNP application. Alternatively, the new agency will need a secure portal for the school divisions to enter SNP information, which will result in the local school divisions utilizing one portal to provide the information required for reporting by VDOE and another portal for SNP. Coordination will be required for continuity of reporting for all VDOE school reporting applications.

Additionally, before initiating Phase III, the following steps should be completed:

1. The transfer of SFSP and CACFP from VDH to VDACS is complete and operational. Applications, eligibility determinations, reimbursements, and other activities as well as the processes of the two programs are successfully executing with minimal interruptions.
2. The Director of the Nutrition Programs and the steering committee has performed the evaluation of the activities, functions, and processes of SFSP and CACFP. Any suggestions for improvements to the program activities and processes have been implemented.
3. Any additional information technology hardware, software, and other resources are in position and fully operational at VDACS.

Phase III will include the transfer of the following federal nutrition programs from VDOE: National School Lunch Program (NSLP), including the School Breakfast Program (SBP) and the Afterschool Snack Program (ASP), the Special Milk Program, the Fresh Fruit and Vegetable

### ❖ Phase III – VDOE Program Transfer (continued)

Program, a federal Equipment Assistance Grant, and if applicable, Virginia 365 Project. The Virginia Project 365 ends in September 2018.

VDOE's Office of School Nutrition Programs will also transfer the three state-supported nutrition programs: (i) State Revenue Matching Requirements, (ii) School Breakfast Incentive Program, and (iii) the Alternative Breakfast Funding Program.

As with VDH, the staff at VDOE work and are assigned responsibilities across all the nutrition programs. The transfer of seven federal programs and three state programs simultaneously appears to be an extraordinary task and, before moving forward with such a transfer, further investigation is needed to understand the activities, processes, and staff responsibilities associated with each of the nutrition programs at VDOE. VDOE is the best resource in determining how best to transfer the nutrition programs given the complexities and intricacies of the nutrition programs.

Currently, VDOE fiscal staff processes all federal reporting as well as manages and monitors the budget and expenditures for the nutrition programs. Although VDOE's nutrition program dollars are significantly greater than VDH's, it is anticipated that the administrative functions could be assimilated by any projected additional VDACS staff shown on Table A. VDACS's projected increase in administrative staff includes adding a grants/budget position, which could assume VDOE's fiscal staff responsibilities.

#### ○ Phase III Estimated Costs/Savings: Transition and Long-Term

The transitional (new) costs for the relocation of VDOE nutrition program staff are estimated at \$536,000 and the transitional (new) costs for VDACS are \$924,000 and are shown in detail in the appendices on Table C. Included in Table D of the appendices is the existing cost (salary and benefits) of VDOE nutrition program staff, which is funded by SAE dollars and does not represent any additional (new) costs.

Neither future costs other than the annual recurring costs in Table C or future savings can be determined at this time. However, it should be noted that the consolidation of similar programs, functions, and processes under a single agency will more than likely generate future savings through changes in the staffing level, attrition, increased program knowledge and communication, reduced travel expenses, and advances in technology and its application. However, one should consider that growing the programs and program participation may require additional resources.

#### ○ Phase III – Timeline

The transfer of VDOE positions associated with the nutrition programs and the associated activities, functions, and processes should be transferred to VDACS no later than March 31, 2020. VDOE nutrition programs and the associated reimbursements to the local school divisions are critical functions. Any transfer of these programs must ensure that there is minimal interruption to the reimbursement process. The transfer should be complete and fully operational on October 1, 2020.

## ❖ **VDOE - Administrative Impact**

Information gathered indicates that VDOE may lose an estimated \$104,930 in indirect cost recoveries associated with the nutrition programs if the programs are transferred to VDACS.

## ❖ **Local School Division - Administrative Impact**

Discussions with local school division staff and the information gathered support the critical aspects of the nutrition program reimbursements to the local school divisions. For the federal fiscal year ended September 30, 2016, VDOE processed approximately \$350 million in reimbursement payments to the local school divisions. It appears that the local school divisions see consolidation of the nutrition programs within a single agency as beneficial, especially in the reduction of duplicate processes and reviews. The local school divisions reported that a major concern is communication relative to nutrition education. USDA also emphasized that continued communication with VDOE is key should the nutrition programs be transferred to another state agency. Additionally, memos from the Superintendent of Public Instruction carry a significant influence in the local school divisions and precipitate immediate action whereas memos from other agencies do not receive the same deference. Regardless of the outcome of the proposed plan to consolidate the nutrition programs within a single agency, it is paramount that the nutrition program reimbursement payments are not interrupted. Without the reimbursements, local school divisions could not continue to provide the services, and the education and the well-being of Virginia's children would deteriorate substantially.

## ❖ **Other Options**

The congressional re-authorization of the HRFKA may allow governors more flexibility in the coordination of state and federal child nutrition efforts such as further consolidation of the nutrition programs in a single state agency that is not necessarily the state department of education<sup>20</sup>. While many states have consolidated USDA nutrition programs under their departments of education, some states have elected to consolidate the nutrition programs under their departments of agriculture. In recent years, Texas and Florida have consolidated their nutrition programs under their departments of agriculture. States have recognized that the consolidated model provides increased flexibility, especially in maximizing the utilization of the federal SAE dollars, program participation, and the reduction in duplicative functions and processes including oversight and review. Discussions with other states suggest that the consolidation of the nutrition programs has created economies of scale, increased efficiency in the utilization of SAE dollars while expanding and offering new innovative programs.

The legislation<sup>21</sup> specifically requires the development of a plan for the consolidation of the nutrition programs at VDACS. However, it is important to recognize that, though the consolidation model at VDACS is the predominant theme as required by the legislation, the differences in available resources, technology, and existing personnel within the state may create other viable options for consolidation. Prior to the consolidation plan implementation, the General Assembly and the Office of the Governor may wish to consider the following options and suggestions that

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<sup>20</sup> White paper, Office of the Governor

<sup>21</sup> Item 89 of the 2016 Appropriations Act.

## ❖ Other Options (continued)

could offer alternative solutions and create a more efficient operation of the nutrition programs in the Commonwealth:

**Option 1.** VDOE has determined that a review of the operations of its nutrition programs, including the activities, functions, and processes, could offer a more effective and efficient operation. VDOE has contacted USDA for technical assistance in performing a review of its nutrition programs. Additionally, VDOE is looking to model its nutrition programs after states with effective and efficient operations such as Pennsylvania. Before making further recommendations, the Office of the Governor and the General Assembly may wish to analyze the result of the review of VDOE's nutrition programs. The review may offer recommendations and examples from other states that will allow the Commonwealth to further maximize the utilization of federal SAE dollars and to further develop and expand Virginia's nutrition programs for the benefit of Virginia's school children.

**Option 2.** Consider the transfer of the VDH programs to VDACS without further consolidation of the programs at VDOE. This involves relocating an estimated 20 positions from VDH. The transfer would include the Colyar Consulting Groups' software nutrition program application, for which VDH has paid \$1.174 million to date, with an annual maintenance charge of \$140,000. The transfer would require no changes in the Code of Virginia; however, an agreement with USDA would be necessary, and the Commonwealth would likely incur some additional costs associated with the transfer of VDH's vendor contract to VDACS for the Colyar software. The transfer will increase the effectiveness of the state administration of the programs and limit duplication of oversight at both the state and local level. Though this appears to be the most constructive solution and would serve as a pilot operation allowing the Commonwealth to begin the consolidation of the nutrition programs under a single agency, it may not be the most feasible solution given the increased costs in necessary resources, information technology, and existing staffing levels. To transfer the VDH programs, VDACS would incur combined transitional costs of approximately \$2.9 million to support the accompanying information technology infrastructure, information technology staff, administrative staff, facilities, and VDH programs' positions.

A significant portion (\$1.1 million) of the transitional cost is the information technology equipment and information technology staff. The software applications that support the federal nutrition programs at VDH use a Microsoft Structured Query Language (SQL) Server database to store information submitted by the schools and the other program sponsors. VDACS's technology utilizes an Oracle database for its 56 agency applications, and, currently, the hardware and software environment necessary to support the SQL Server database does not exist at VDACS. Additionally, VDACS does not have a database administration staff with SQL Server experience, does not have any development staff that can assist in providing support for the applications, does not have a contract administrator available to support the extensive system contracts, and does not have a project manager to manage the transition to VDACS or to manage the applications once re-located to VDACS.

## ❖ Other Options (continued)

Information gathered indicates that a significant share of the VDACS costs may be funded by utilizing SAE dollars. SAE dollars are available for use for any allowable expense related to the implementation and operation of USDA nutrition programs within the state. Routinely, only each state's allocation of SAE dollars is available for expenses related to the state's nutrition programs; however, USDA does have a re-allocation process. A state may request a share of any de-obligated dollars from other states. This process is usually in the spring of the year and is a one-time request. Unfortunately, USDA usually has more requests than funds available. Capital expenses, such as construction of a building, are the primary unallowable expenses.<sup>22</sup> At present, both VDH and VDOE are utilizing SAE dollars for (i) staff salaries and benefits; (ii) the VITA costs associated with nutrition program data storage and use; (iii) facilities and the associated utilities; and (iv) office equipment, including computers. VDH was allowed to expend SAE dollars for the CHAAMPS software application necessary to improve effectiveness and to increase efficiencies in the operation of its nutrition programs.

One other critical point to consider is the difference in the grant administration requirements between the federal nutrition programs at VDH and VDOE versus the grant administration requirements for the food distribution programs at VDACS. VDACS grant programs are discretionary grants with the amount of federal dollars awarded by specified authorizing legislation based on a competitive process. Both VDH and VDOE's federal nutrition programs are entitlement grants with the program expenditures increasing or decreasing with the number of eligible claims received. Under the entitlement grants, the recipients are entitled to reimbursement until documented claims are resolved. Additional VDACS administrative staff and training will be necessary to meet the grants administration requirements of the federal entitlement grant programs.

Currently, VDACS operates with a minimal administrative staffing level. As outlined in Table A of the appendices, additional administrative staff will be needed. An increase in the program staffing levels and program operations will generate the need for additional administrative staff to handle federal cash drawdown requirements, monitor revenues, process vendor payments and travel reimbursements, administer payroll and benefits, manage procurement, oversee the grants, and direct financial management and internal audit. The requirement for additional administrative staff will need to be resolved to adequately provide support for the nutrition programs being transferred. The costs in Table A represent the investment in technology and staffing levels needed to provide the expertise necessary for a successful transfer of the nutrition programs from VDH to VDACS. Consolidating the VDH nutrition programs into VDACS will double VDACS's agency budget and increase its employment level by five percent.

**Option 3.** Consider transferring the VDH programs to VDOE, which involves relocating approximately 20 positions from VDH. The consolidation would also include the transfer of the Colyar Consulting Groups' software program application, for which VDH has paid \$1.174 million to date, with an annual maintenance charge of \$140,000. The transfer would require no

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<sup>22</sup> USDA, Office of Special Nutrition Programs

## ❖ Other Options (continued)

changes in the Code of Virginia; nonetheless, an agreement with the USDA would be necessary and the Commonwealth will likely incur some additional costs associated with the transfer of VDH's vendor contract to VDOE for the Colyar software. However, VDOE recently finalized a contract with Colyar Consulting Group for a new software application to support its nutrition programs. VDOE obligated \$425,830 of SAE carry forward dollars for the initial year of a two-year contract to purchase its new software application and replace a legacy system. As a result, it appears that transferring the VDH nutrition programs to VDOE would require less time and investment in infrastructure. However, the following items should also be considered to successfully transfer the VDH nutrition program staff to VDOE:

1. Acquisition of facilities (including office space and furniture) and moving/relocations.
2. Evaluation of staffing levels and other administrative activities such as salary adjustments (Classification and Compensation Study) and staff development and training.

Many opportunities exist including staff realignment, creation of specialists or subject matter experts, correlation of the nutrition programs, and consolidation and re-engineering of activities and processes. The above suggestions are included to provide decisions makers as much information as available in developing legislation that will continue to demonstrate an efficient, effective, and transparent state government.



## APPENDIX

**Table A: Phase I and II Estimated New Costs—VDACS and the Transfer of the Nutrition Programs from the Virginia Department of Health**

Costs associated with Phase I and Phase II are intently interrelated. The following tables include an estimate of any new costs for both VDACS and VDH. At this time, an estimate of any potential savings during the transition period and over the long-term cannot be determined with any rate of accuracy. However, consolidation of the nutrition programs will create economies of scale, generate a more proficient nutrition program, increase efficiency in the utilization of SAE dollars, and provide opportunities for the development of new innovative nutrition programs.

Phase I: Estimated new costs for Relocation and Facilities for existing VDACS Nutrition Program Staff			
	Positions	Transitional (initial)	Long -Term (annual)
Facilities (8 Existing Positions)		\$ 258,881	\$ 86,151
Estimated costs for new VDACS Administrative Staff Positions and Program Director (Facilities, Salary, and Benefits)			
	Positions	Transitional (initial)	Long -Term (annual)
Facilities (8 New Positions)		\$ 232,136	\$ 74,506
Nutrition Program Staff Director (Salary/Benefits)	1	175,000 <sup>23</sup>	175,000
Administrative staff including finance, budget/grants, human resources, internal audit, and procurement (includes salary & benefits)	7	630,000 <sup>24</sup>	630,000
Training and Other Administrative Activities		7,600	4,600
Estimated new costs for Information Technology - Facilities, Staff Positions (Salary and Benefits), and Equipment required by VDACS to receive VDH's Nutrition Programs			
	Positions	Transitional (initial)	Long-Term (annual)
Facilities (5 new IT Positions)		\$ 145,085	\$ 46,566
IT Staff Positions	5	620,000 <sup>25</sup>	620,000
IT Staff Training		35,000	25,000
Hardware, Vendor Contracts, Software Applications, etc.		315,000	655,574

Phase II: Estimated New Costs for Relocation (facilities) for existing VDH Nutrition Program Staff			
	Positions	Transitional (initial)	Long-Term (annual)
Facilities for VDH Program Staff (20 Existing Positions)		\$ 526,074	\$ 178,121
Program Staff Salary adjustments <sup>26</sup>			
Training and Other Activities		7,600	4,600

<sup>23</sup> Estimate depends on employment date.

<sup>24</sup> Estimate includes three finance positions and one position in each of the following: budget/grants, human resources, internal audit, and procurement as well as the employment date and time charge to nutrition programs.

<sup>25</sup> Estimate depends on employment date and assumes 100% of time charged to nutrition programs.

<sup>26</sup> Not available until the Classification and Compensation Study is completed. Adjustments would be funded with SAE dollars.

**APPENDIX**

**Table B: Phase I and II - Current Salary and Benefits for the Nutrition Program Positions at VDACS and VDH**

The following **ARE NOT NEW COSTS**, as they reflect the salaries and benefits of current VDACS and VDH nutrition program staff and are funded mostly with **federal SAE dollars**:

<b>Phase I: Existing VDACS Nutrition Program Positions (Salary and Benefits)</b>			
	Number of Positions	Transition (initial)	Long-Term (annual)
Nutrition Program Positions	5	\$ 348,901	\$ 348,901
Nutrition Program Positions ( <i>State</i> )	3	285,214	285,214
<b>Phase II: Existing VDH Nutrition Program Staff (Salary and Benefits)</b>			
	Number of Positions	Transition (initial)	Long-Term (annual)
Nutrition Program Positions	20	\$ 1,279,466	\$ 1,279,466

## APPENDIX

**Table C: Phase III Estimated New Costs—VDACS and the Transfer of the Nutrition Programs from VDOE**

The following tables outline the new costs as well as current costs associated with the transfer of VDOE’s nutrition programs to VDACS. At this time, an estimate of any potential savings during the transition period and over the long-term cannot be determined with any rate of accuracy. However, consolidation of the nutrition programs will create economies of scale, generate a more proficient nutrition program, increase efficiency in the utilization of SAE dollars, and provide opportunities for the development of new innovative nutrition programs.

Estimated new Costs for Information Technology – Facilities, Staff Positions (Salary and Benefits), and Equipment required by VDACS to receive VDOE’s Nutrition Programs			
	Number of Positions	Transitional (initial)	Long-Term (annual)
Facilities (4 new positions)		\$ 116,068	\$ 37,253
IT Staff Positions	4 <sup>27</sup>	490,000	275,000
IT Staff Training		28,000	14,000
Hardware, Vendor Contracts, Software Applications, etc.		290,000 <sup>28</sup>	642,036 <sup>29</sup>
Estimated new Costs for Relocation (facilities) for Existing VDOE Nutrition Program Staff			
	Positions	Transitional (initial)	Long-Term (annual)
Facilities for VDOE Program Staff	16.5 <sup>30</sup>	\$ 528,468	\$ 170,713
Program Staff Salary adjustments <sup>31</sup>			
Training and Other Activities		7,600	4,600

<sup>27</sup> Two positions will be contract positions. As the nutrition programs are combined, it is expected that only an information technology staff of seven will be needed for the long-term.

<sup>28</sup> DOE signed a two-year contract on September 27, 2016, with Colyar Consulting Group; DOE will utilize SAE dollars to pay development costs of \$425,830 for the first year and \$584,830 in the second year. These costs are not included in the above table, as DOE has already budgeted and obligated SAE dollars.

<sup>29</sup> Ibid.

<sup>30</sup> This includes 15.5 nutrition program staff positions and the nutrition director position; it does not include the three staff positions assigned to the Virginia 365 Project.

<sup>31</sup> Not available until the Classification and Compensation Study is completed. Adjustments would be funded with SAE dollars.

**APPENDIX**

**Table D: Phase III - Current Salary and Benefits for the Nutrition Program Positions at VDOE<sup>32</sup>**

The following **ARE NOT NEW COSTS** as they reflect the salaries and benefits of current VDOE nutrition program staff and are **funded with federal SAE dollars** along with the required program state match, which supports the nutrition program director position:

<b>Existing VDOE Nutrition Program Staff Positions (Salary and Benefits)</b>			
	<b>Number of Positions</b>	<b>Transition (initial)</b>	<b>Long-Term (annual)</b>
Nutrition Program Positions (includes SNP Director Position)	17	\$1,741,893	\$ 1,741,893

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<sup>32</sup> The current nutrition program staff positions are funded by federal SAE dollars.