



Overview of the Impact & Cost of H.812

A Bill to Provide Universal School Meals to All Vermont Public School Students



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Why this bill is needed

No student should learn what hunger feels like at school, or feel ashamed to eat school meals, and no parent or caregiver should feel they must avoid school activities because they can't afford to pay their child's school meal charges, but these things are happening every day in Vermont schools. Universal school meals ends these damaging experiences, improves learning and health outcomes, and transforms school culture.

A growing number of working families are at risk of food insecurity but do not qualify for the federal nutrition programs. 185% of the Federal Poverty Line (FPL) is the income cut-off for families to qualify for free or reduced-price school meals, as well as for 3SquaresVT. For a family of four, 185% of FPL is \$46,435 per year. According to the State of Vermont, the basic needs budget for a family of four in rural Vermont is \$84,736 per year, meaning that a family in Vermont could be at risk of food insecurity with an income \$30,000 over the threshold for free or reduced-price school meals. In fact, a 2019 study by the Urban Institute found that 42% of food insecure children in Vermont do not qualify for free or reduced-price school meals or 3SquaresVT benefits.¹

23% of Vermont public schools already provide universal school meals. It's time to bring equity, transparency, and greater ease to the delivery of one of the most critical tools for child development and learning all our schools have: nutrition.

How Vermont public schools currently fund their school meal programs

The majority of the funds to cover the cost of school meal programs in Vermont come from per-meal reimbursements from the federal government. However, the amount of these reimbursements is not sufficient to cover the full cost of operating a school meal program. Vermont schools therefore must rely on a complex mix of funding to cover the cost of their meal programs, including:

- Federal per-meal reimbursements - a total of about \$18 million per year
- USDA Foods (commodities) - \$0.36 per lunch served; none for breakfast
- Charging families whose income is over 185% of the Federal Poverty Line an average of \$1.84 per reimbursable breakfast and \$3.00 per reimbursable lunch
- The sale of a la carte food items to students (most common in middle and high schools)

¹ "Evidence-Based Strategies to End Childhood Food Insecurity & Hunger in Vermont" (The Urban Institute, 2019)

- State of Vermont payments to cover the family portion for reduced-price meals (\$0.30 per reimbursable breakfast and \$0.40 per reimbursable lunch), and also per-plate payments required by the National School Lunch Act - a total of about \$3 million per year from the State's General Fund
- Meals and a la carte food items purchased by adults
- Rebates and other incentives provided by food companies and food distributors for large orders
- Catering provided by school meal program staff
- Grants applied for by the school district (eg. Farm to School Grants)
- Donations (of food from local farmers, and of cash from community members)
- Allocations from the school district's general budget (in other words, from the Education Fund) – nearly \$6.5 million in the 2018-19 school year. This portion of funding is growing; it grew by nearly \$2 million in just the last school year.

All of these funding sources would remain available to schools under H.812, except that families would not be charged for reimbursable meals eaten by students. Instead, when a school enrolls in a federal provision to provide universal school meals, this direct cost to students and families disappears. Additional costs incurred by serving more meals due to the increased participation rates that come with a universal school meals model will be covered by increased federal reimbursements and the allocation from the school district's general budget (and therefore borne by the Education Fund).

H.812 maximizes federal reimbursements by requiring school districts to use one of two federal provisions to provide universal meals

The National School Lunch Program includes different programs, called provisions, schools may use to provide universal school meals. H.812 requires all public schools to use one of the federally sanctioned provisions because they help schools maximize the federal dollars schools will receive to cover the cost of meals—thus reducing the cost borne by school districts to cover the cost of meals provided to students whose family income exceeds 185% of the Federal Poverty Line. Of the different universal school meals provisions available to schools, Provision 2 is the one that most schools in Vermont will use. Most Vermont schools are either not eligible for the other provisions, or they would not be financially beneficial to the school. We developed our cost estimate using the rules for Provision 2.

H.812 also requires schools to implement additional best practices, as determined by the school district, such as serving breakfast after the start of the school day, scheduling recess before lunch, examining the time students have to eat, etc., because these best practices also serve to maximize student participation and federal reimbursement.

Enacting H.812 would feed more children, increase health and educational outcomes, and transform schools' culture

Providing every student at every Vermont public school with the opportunity to have equal access to a healthy breakfast and lunch every school day will make a profound difference in the school experience for students, parents, teachers, and staff—and could also have a big impact on Vermont farmers and Vermont communities. School meals will finally be treated and paid for the same way that every other critical educational support—such as textbooks, physical education equipment, art supplies, busses, and school nurses are treated: as an educational expense to be distributed equitably to all students through the Education Fund.

While we do not know all the ways in which ceasing to categorize students and their families by income in school cafeterias will transform education, health, and behaviour outcomes. However, because 23% of Vermont public schools are already providing universal school meals, their experiences and the experiences of universal meals schools in other states have been studied. And, Hunger Free Vermont and Public Assets Institute have been analysing data provided by the Agency of Education. We know the following:

- No student would ever again be told they couldn't eat or have a meal taken away because their family hadn't paid their school meal account.
- No parent would ever again feel the shame of not being able to pay for their child's school meals.
- No principal would ever again have to call a parent and ask them for money to pay their debt to the meal program.
- The stigma associated with being a "poor kid" who needs school meals, or of being thought to be a poor kid who needs school meals, would disappear, and would no longer keep any student from accessing healthy breakfasts and lunches at school.
- Thousands of children at risk of hunger who are not eligible for free school meals would be able to eat healthy meals at school every day, along with everyone else.²
- The number of school meals served in Vermont public schools will increase by about 7.5 million per year (over 65%).³
- On an average day, over 24,000 more students will eat school breakfast (a 102% increase), and over 19,000 more students will eat school lunch (a 45% increase).⁴
- Student readiness to learn, and performance in math and English language arts, will improve—especially among students who were not eligible for free or reduced-price school meals.⁵
- Student health and behavior will improve, and the risk of obesity will decline—especially among students who were not eligible for free or reduced-price school meals.⁶
- About \$10 million additional federal dollars will flow to Vermont school meal programs each year.⁷
- A majority of Vermont public schools will purchase and serve more local food than they do now.⁸

How Hunger Free Vermont and Public Assets Institute determined approximately what it would cost to enact H.812

We estimate that providing universal school meals at the 227 of Vermont public schools that do not already do so will cost school districts between approximately \$21 million and \$25 million per year once all schools

² "Evidence-Based Strategies to End Childhood Food Insecurity & Hunger in Vermont" (The Urban Institute, 2019)

³ Based on the average increase in meals served by the 25% of Vermont public schools currently providing universal school meals, using data provided by the Vermont Agency of Education

⁴ Based on the average participation rates of students in the three federal income categories at the 25% of Vermont public schools currently providing universal school meals (59.36% of students eat breakfast, 75.59% of students eat lunch), using data provided by the Vermont Agency of Education

⁵ "Universal Free School Meal Programs in Vermont Show Multi-Domain Benefits" (University of Vermont, 2020); "Let Them Eat Lunch: The Impact of Universal Free School Meals on Student Performance" (Center for Policy Research, 2019)

⁶ Ibid

⁷ Based on the average number of "free," "reduced-price," and "paid" meals served in the 25% of Vermont public schools currently providing universal school meals, using data provided by the Vermont Agency of Education; this figure also includes the increased value of USDA Foods (commodities) schools would receive based upon the increased number of meals served. Note that all calculations use SY 2019-20 federal reimbursement and USDA Foods rates.

⁸ "Universal Free School Meal Programs in Vermont Show Multi-Domain Benefits" (University of Vermont, 2020)

are using a universal school meals model, and will increase the federal dollars supporting Vermont school meal programs by \$10 million each year.

Because the bill provides a five-year transition period, the annual cost to the Education Fund will increase gradually, by \$4 to \$5 million a year, over the five years following the enactment of the bill.

There are two drivers of this cost:

1. more students of all incomes will eat school breakfast and lunch (increased participation rate)
2. no student or their family will be charged directly for their meal

Because 23% of Vermont public schools already provide universal school meals using the federal provisions, we have actual data on how these two factors influence the cost of school meal programs when a school transitions to universal school meals. We were able to use data provided by the Vermont Agency of Education for each public school in Vermont to estimate the increased participation rates and the changes in cost to the school meal programs. This cost estimate accounts for increased participation and the costs per meal not covered by federal reimbursements.

There are some cost savings that we did not account for in our calculations:

- It does not account for the improved reimbursement ratios under Provision 2. Schools receive, on average, a higher total federal reimbursement under Provision 2 than in the traditional school meals model.
- It does not account for the schools that qualify for “severe need” reimbursement rates from USDA, which are higher than the standard reimbursement rates we used.
- It does not account for any economies of scale schools will realize from serving more meals, including staffing efficiencies and increased rebates from food retailers and distributors.
- It does not account for any administrative savings school districts may realize from changing the process of administering school meals programs and no longer tracking down school meal debt from families.
- It does not account for any savings school districts may realize from the effects of consistent, high-quality nutrition on the need for extra learning and behavioral supports for students.
- It does not account for any savings to the healthcare system from having healthier children and families.

Schools will have a new, and better, way to collect important household income information from families

Schools must use household income information to qualify for many federal programs, from Title I funding to free SAT prep classes. Most schools use the school meal application to collect that data from families. However, many families do not fill out that application because of the stigma associated with free school meals or because they assume their child does not qualify for free meals. When schools provide universal school meals they are no longer required to collect school meal applications after the first year of providing universal school meals, as the reimbursement rates for meals are set using school meal application data from the first year. This opens the door for schools to use a different, simpler form provided by the Vermont Agency of Education to collect income information: The Household Income Form. Vermont schools already providing universal school meals are using this form. The forms are no longer associated with the stigma of applying for school meals, and unlike school meal applications, schools are allowed to *require* families to fill out the form - greatly improving the return rate. H.812 supports this work by establishing an annual review of this form to ensure it complies with best practices.