

# Fiscal Overview of Repealing Vermont's Universal School Meals Program

House Committee on Agriculture, Food Resiliency, & Forestry

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# Outline of Talk

- Brief overview of Vermont's Education Fund
- Historical context of Vermont's universal school meals program
- Fiscal impact of repealing universal school meals in Vermont



# Overview of Vermont's Education Fund



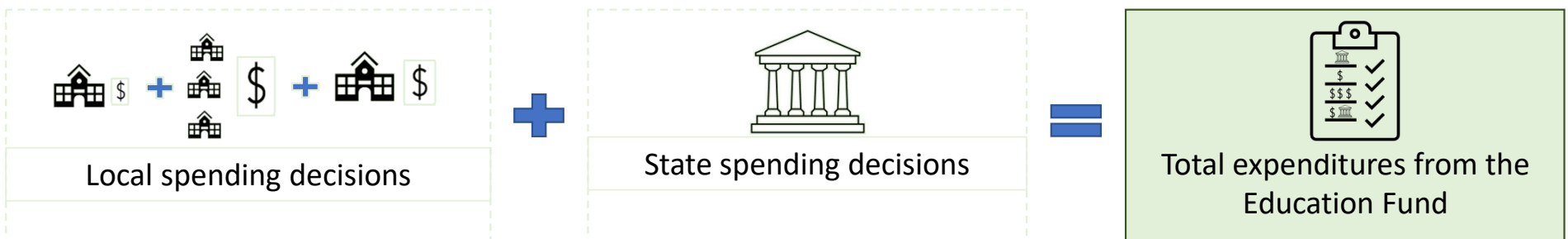
# Overview of Vermont's Education Fund

- Education Fund revenues and expenditures are interconnected
  - The Education Fund is a statewide fund; all spending decisions affect the entire system
- Vermont's education finance system couples local and State decisions
  - Expenditures are determined at the local and State level
- Property tax rates are then set to fully fund those expenditures
  - All education property taxes are dedicated to the **statewide** Education Fund



# The Education Fund is the Total Cost of Public Education in Vermont

- Annually, local and State decisions determine total expenditures from the Education Fund
  - Local decisions:
    - School districts build budgets that must be approved by voters
  - State decisions:
    - Certain appropriations and categorical aid
    - Policies that impact local budgets



# Annual Property Tax Rates Are Set to Fully Fund Vermont's Education System

- Education expenditures determine revenue needs of the Education Fund
- The Education Fund is supported by two revenue categories:
  - a. Property tax revenues
  - b. Non-property tax revenues
- Education property tax rates are set each year to raise sufficient revenues to balance the Education Fund after accounting for all non-property revenues



# Historical Overview of Vermont's Universal School Meals Program





# Review of Universal School Meals Program Funding

- Federal and State funding for meals is based on family income level
- Different amounts of federal funding are allocated based on a family's income level
- For universal school meals, the State makes up the difference between federal funds and what a family would pay
- For fiscal year 2026, this is estimated to be \$18.5 million



# Historical Trends are Difficult to Interpret in Today's Context

- Historical trends are difficult to interpret because of significant recent changes
- This makes comparing “pre-universal school meals” to “post-universal school meals” challenging
- Considerations include:
  - Covid-19 pandemic
  - Changes to federal policy
  - Changes to State policy



# Background of Universal School Meals in Vermont prior to Act 151 (2022)

- Prior to the COVID-19 pandemic 77 Vermont schools provided universal school meals to students
  - Funding came from federal programs (Community Eligibility Provision (CEP) or Provision 2) and local school budgets (Education Fund)
  - According to the Universal School Meals Task Force’s Report:
    - *“most of these schools were higher-poverty schools that were able to use federal options to offer universal meals using mostly federal funding, although they did incur some local costs which were passed through to the state education fund [sic].”*
- During part of the COVID-19 pandemic, (March 2020 – June 2022), federal funding for universal school meals was available for all schools



Source: [Universal School Meals Task Force Recommendations Report, 2022](#)

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# Implementation of Universal School Meals in Vermont

- Act 151 (2022) established a one-year State-funded program for fiscal year 2023
  - Required all public schools in Vermont to provide breakfast and lunch to all students at no charge to students or families
  - This program was funded through a one-time Education Fund categorical aid appropriation
- Act 64 (2023) established an ongoing State program to provide breakfast and lunch to all publicly-funded students at no charge to students or families



# Review of Universal School Meals program funding

- Federal and state funding for meals is based on family income level
- Different amounts of federal funding are allocated based on a family's income level
- In a USM program, the state makes up the difference beyond the Federal funds
- For Fiscal Year 2026, this difference is estimated to be \$18.5 million



# Fiscal Impact of Repealing Vermont's Universal School Meals program



# Understanding the Current Law Cost of Universal School Meals on the Education Fund

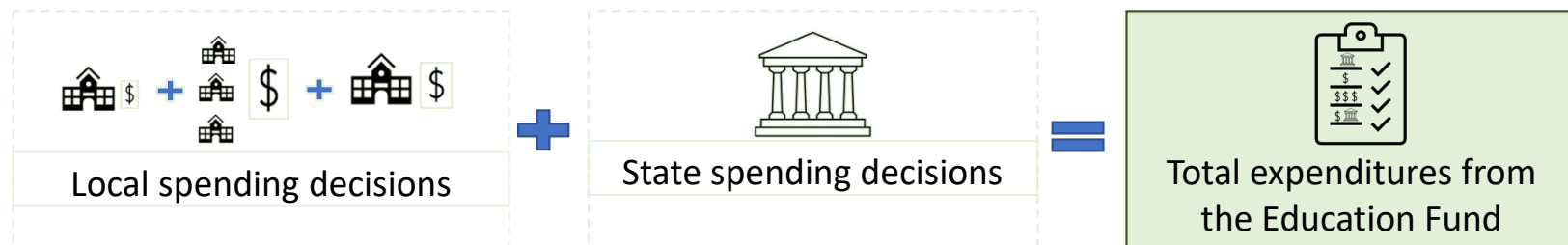
- Universal school meals categorical aid provides State funding of school meals (breakfast and lunch) to all publicly-funded students at no charge to students or families
- Reimburses schools for providing meals to students who don't qualify for free or reduced-price meals through the federal government
- In fiscal year 2026, the program is estimated to cost the Education Fund approximately \$18.5 million in categorical aid
  - All else equal, this is approximately 1 to 1.5 cents on property tax rates in fiscal year 2026<sup>1</sup>



*Note: this assumes the cost is covered equally by the homestead and nonhomestead property taxes*

# Understanding the Fiscal Impact of Repealing Universal School Meals

- *Recall:* Vermont's education finance system couples local and State decisions
  - Expenditures are determined at the local and State level
- To fully understand the savings of the repeal, policymakers must consider its impact on both local and State spending decisions





# Fiscal Impact of Repealing Universal School Meals on School Districts

- School districts would no longer receive categorical aid for universal school meals
- They would need to decide locally whether to continue to operate a universal school meals program or return to a pricing program
  - Each district's decision would impact the Education Fund



# Fiscal Impacts of Returning to Pricing Programs

- According to the USDA, universal school meals programs reduce administrative burden costs of school food authorities
  - USDA estimates that they saves each school food authority an average of \$103,869 per year in administrative burden
  - If a school district decides to return to a pricing program, these administrative costs would be reflected in district budgets and thus borne by the Education Fund
- If some schools return to pricing, unpaid meal charges would also be borne by the Education Fund



# Fiscal Impacts of Maintaining Universal School Meals in a School District's Budget

- If a school district maintained a universal school meals program, the share that the categorical aid would have covered would now be included in the district's education spending
  - Because education spending is also funded through the Statewide Education Fund, this cost would still come out of the Education Fund
  - The impact of this decision would depend on the school district
- Property taxes across the State would still need to be raised to fully fund these local decisions
  - All else equal, statewide education property tax rates would increase, with a proportional increase on local property tax rates
- In other words, if a school district decided to continue to offer universal school meals, the overall cost of that district's program to the Education Fund would be the same
- The difference would be reflected in the distribution of tax rates



# Fiscal Impacts of Repealing Universal School Meals on Federal Funds

- If the universal school meals mandate is repealed, the amount of Federal funding received may decrease
- It's difficult to estimate the actual amount of decreased Federal funding, as it would depend on local decisions regarding whether to continue a universal school meals program
- Vermont's Agency of Education currently estimates that for fiscal year 2026, the statewide program results in an additional \$16.9 million in federal reimbursement



# In summary - Fiscal Impacts of Repealing Universal School Meals on the Education Fund

- If universal school meals is repealed, the overall cost savings would depend on local district decisions
- If school districts maintain a program locally, the cost of the program would be included in a school district's budget and borne by the Education Fund
- If school districts return to a pricing model, there would likely be some costs to the Education Fund to address administrative costs and unpaid meal charges



# Fiscal Considerations

- Comparing school district decisions for the provision of universal school meals to decisions made before the program existed is challenging because of significant changes that have happened in the interim
- Because universal school meals is a statutory program, school districts have generally assumed the provision of these funds while building their 2025-2026 budgets
  - School district budget development starts in the fall
  - Voters typically vote on the budgets on Town Meeting Day
- With a repeal of USM, AOE estimates a loss of area eligibility for the After School Snack Service in the NSLP and the After School Meals and Suppers through the Child and Adult Care Food Program



# Resources

- *Impact and Implementation of the Universal School Meals Act* – Legislative Report from the Agency of Education
  - <https://legislature.vermont.gov/assets/Legislative-Reports/edu-legislative-report-french-universal-school-meals-20230116.pdf>
- Recommendations of the Universal School Meals Task Force, 2022
  - <https://legislature.vermont.gov/assets/Legislative-Reports/edu-ahs-aafm-legislative-report-universal-meals-task-force-20220201.pdf>
- Agency of Education Free and Reduced Meals Website
  - <https://education.vermont.gov/student-support/nutrition/school-meals/free-and-reduced-meals>

