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**STATE OF VERMONT**  
HOUSE OF REPRESENTATIVES  
HOUSE COMMITTEE ON AGRICULTURE,  
FOOD RESILIENCY, AND FORESTRY

February 19, 2025

Dear Chairs Conlon, Kornheiser and Scheu,

I am writing on behalf of the House Committee on Agriculture, Food Resiliency, and Forestry (Committee on Agriculture) regarding the proposed repeal of Act 64, Universal School Meals, as contained in the Governor's FY 2026 budget recommendation. The Committee on Agriculture has reviewed the Universal School Meals program and its budgetary implications and recommends maintaining USM for food security, economic, budgetary, and affordability reasons.

The Legislature passed Act 64 in 2023 after a thorough examination of the costs and benefits of making free breakfast and lunch available to all publicly-funded school students. In 2024, data provided by the Agency of Education confirmed that the program was working as intended, and with a smaller impact on property taxes than originally projected.

In the current session, the Agriculture Committee has heard testimony that the cost to the Education Fund of statewide Universal School Meals program has declined even further. In 2023, the Joint Fiscal Office originally projected the amount of categorical aid required to support the Universal School Meals at \$29 million. For FY26, the program is estimated to require only \$18.5 million in categorical aid.

Notably, the Agriculture Committee was also reminded of increased, offsetting costs, both to the Education Fund and to families, associated with a full repeal of the universal meals legislation. Using data supplied by USDA, the Vermont Agency of Education estimates that the administrative expense associated with running paid meals programs throughout the state would total \$5.4 million annually, a cost that would be borne by the Education fund. This category includes equipment costs, as well as administrative time spent managing a paid program and, not insignificantly, chasing down unpaid bills. School food service accounts were also routinely subsidized by school district budgets prior to the pandemic, because lower participation rates combined with inadequate federal reimbursement rates did not cover the full costs of operating school meal programs.

In addition, school districts are required under federal law to cover the costs of any student meal debt that they are unable to collect. The total financial impact of bad debt is harder to quantify, though the statewide pre-pandemic amount was roughly \$1.5 million. The experience of other states has shown that when districts re-instituted paid meal programs after three years of federally funded universal free meals, bad debt increased sharply. Given that the families of Vermont students entering grades K-5 next fall will have never had to pay for school meals, similar outcomes would be expected.

Factoring in these additional costs, in a scenario where no school district in Vermont elected to operate a USM program, the incremental savings to the Education Fund would likely be approximately \$11-12 million, or less than one cent on FY26 property tax rates (per JFO, \$14 million in Ed Fund spending equates to approximately one cent on the tax rate).

Meanwhile, according to AoE, a decision to fully abandon USM across the state would mean the loss of an estimated \$16.9 million in annual federal funding that helps subsidize meal costs. Vermont schools can participate in the federal universal school meals provisions and receive the maximum amount of federal funds only by offering meals to all students at no charge. At the end of the day, newly ineligible families would be left to cover the loss of both state and federal funding, at an estimated cost of \$1500 per student each school year.

There is reason to believe, however, that even if Act 64 were repealed, some school districts would choose to continue providing free meals to all students—further eroding any reduction in Education Fund spending that might be realized by repealing Act 64. Prior to the pandemic, approximately 77 schools in Vermont had voluntarily established USM programs. While doing so pulls down more federal funds, any costs that are not covered ultimately end up in the Education Fund (in the General State Support Grant line, rather than as categorical aid).

In the absence of statewide USM, it is impossible to know how many districts would choose to continue offering free meals. If Act 64 were repealed and every district decided to run its own free program, the total projected cost to the Education Fund would equal the cost incurred if Act 64 were not repealed--\$18.5 million, and the savings would be zero. (As noted above, the costs would be lumped into General State Support rather than categorical aid. The impact on property tax rates would also differ; under this scenario, districts with a higher percentage of economically disadvantaged students would see a somewhat smaller increase than wealthier districts, per JFO.) The most likely scenario falls somewhere in between no schools and all schools offering free meals, meaning that the net reduction to the Education Fund would be somewhere between \$0 and \$12 million.

One added twist is that most school districts have finalized their FY26 education budget proposals using all the provisions of current law, including USM and other categorical aid. In a repeal scenario, districts that wanted to provide meals free of charge would need to use reserves, take funds from another budget line, or deficit spend.

#### Impact on family affordability

The household income cut-off for families to qualify for free or reduced-price school meals is 185% of the Federal Poverty Level. The Agriculture Committee took testimony that at least 15,000 public school students in Vermont—nearly one fifth of all public school students—live in families that are not eligible for free school meals under the federal limits, but cannot afford to meet all of their basic needs given the cost of living in Vermont, according to JFO's Basic Needs Budget. Here are three illustrations of families that would no longer be eligible if Vermont's Universal School Meals Program be repealed:

- A single parent with two school-aged children, working two jobs at \$15/hour, 64 hours per week, earning \$50,000 annually (194% of the Federal Poverty Level)
- A retired senior with custody of a grandchild, with a fixed income of \$40,000 (200% of the Federal Poverty Level)
- Two parents with three school-aged children, with a Household Income of \$115,000 and \$12,000 -\$20,000 in healthcare costs (316% of the Federal Poverty Level)

In each case, the family would have to spend \$1,500 per child every school year to cover the cost of school breakfast and lunch, assuming all those children continued to eat, and might not have access to other meals throughout the year (see below).

Detrimental impact on other child nutrition programs:

- Ending Vermont's Universal School Meals Program would significantly reduce access to free summer and afterschool meals for children of all ages in many Vermont communities:
- By supplementing federal per-meal reimbursements and requiring all schools to maximize their federal funding for school meals, Vermont's Universal School Meals Program has allowed nearly all schools in Vermont to participate in what is called the Community Eligibility Provision (CEP). Doing so changes the way low-income students are counted under federal rules, and has made more Vermont communities eligible to operate free summer and afterschool meal programs that are fully federally funded.
- This has contributed to the near doubling of the number of summer meals served in Vermont (to over 1 million in 2024), and a \$3.8 million increase in federal funding for summer meal programs.
- The proposed repeal of Vermont's Universal School Meals law would force many schools to leave the CEP, making them also ineligible once again for critical summer and afterschool nutrition programs that kids and families depend on.

Child Nutrition & Educational Outcomes:

The commitment Vermont made to offer breakfast and lunch at no charge to students every day is important from a food security standpoint. For many students, school meals provide nearly half of their daily nutrition. The data shows that more students are eating nutritious school meals than ever before. Compared with the 2018-2019 school year (the last full school year before the COVID-19 pandemic), 2.5 million additional meals were served in public and independent schools last year after implementing Vermont's Universal School Meals Program. That represents a 36% participation increase in breakfast, and a 20% participation increase in lunch.

Research has shown a positive correlation between access to free school meals and improved test scores in math and reading. A study conducted by University of Vermont researchers and published in 2020 found that universal school meals was associated with:

- Improved readiness to learn among students overall
- Improved overall school social climate as a result of financial difference being less visible
- Declines in financial and emotional stress for parents and students
- Declines in stress for school administrators related to the need to collect school meal program debts from families
- Increased ability of schools to purchase and serve local food

Rates of hunger and food insecurity remain very high right now in Vermont, with families with children more likely to be food insecure, according to the UVM NFACT research team's 2024 findings. The Food Research and Action Center has compiled the findings from multiple studies of the relationship between child hunger, universal school meals, and mental health in children and teens.

- Food insecurity is strongly correlated to higher levels of anxiety and irritability among children.

- Teens experiencing hunger are more likely to have difficulty getting along with peers, get suspended from school, see a psychologist, have suicidal tendencies, and struggle with depression, as compared to their food-secure peers.

### Local Food Systems

Finally, the universal school meals program has strengthened our local food system by building the institutional purchasing power of our school districts. By increasing meal participation in schools and bringing in more federal dollars, USM enables schools to buy more high-quality, local food—supporting over 100 Vermont farms and keeping more money in our local economy. Every dollar spent on local food generates an additional \$1.60 in economic activity for Vermont. Ending Vermont’s Universal School Meals program would mean that school districts would lose a critical program providing the funding and support needed to prioritize local purchasing, undermining the progress made in strengthening Vermont’s farm to school supply chains.

Having taken testimony, reviewed the record and considered the impact of repealing Act 64 on students, families, schools and farmers, the members of the Committee on Agriculture voted unanimously to support the continuation of the Universal School Meals program, and we ask you and your committees to do so as well.

Please contact me if you need additional information or have questions regarding this recommendation.

Sincerely,

Rep. David Durfee  
Chair  
House Committee on Agriculture, Food Resiliency, and Forestry