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Amending Eligibility Rules for Free and Reduced-Price School Meals: Background and Policy Options

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SUMMARY

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Eligibility Rules for Free and Reduced-Price School Meals: Background and Policy Options

In 1946, the National School Lunch Act (P.L. 79-396) established that schools participating in the National School Lunch Program (NSLP) would serve lunches for free or at a reduced cost to students who were determined by school officials to be "unable to pay the full cost of a lunch." Since then, federal rules for determining which children qualify for free and reduced-price (F/RP) school meals in the NSLP and the School Breakfast Program (SBP) have been added and changed. In the 1970s, an income-based eligibility system was adopted, and automatic (categorical) eligibility through other programs and avenues followed in subsequent decades.

Today, eligibility for free school lunches and breakfasts is granted to children living in households with an income at or below 130% of the federal poverty level and those who participate in specified federal programs (e.g., the Supplemental Nutrition Assistance Program [SNAP]) or meet certain statutory definitions (e.g., homeless children). Children also automatically qualify for free meals if they attend a school participating in the Community Eligibility Provision (CEP), Provision 2, or Provision 3, which are special program options with different eligibility and reimbursement rules. To receive *reduced-price* meals (a cost of 40 cents or less per lunch and 30 cents or less per breakfast), children must live in a household with income at or below 185% of the federal poverty level.

The U.S. Department of Agriculture (USDA) provides a reimbursement for each meal served through the programs based on a rate set in statute. The reimbursement rate for reduced-price meals is slightly lower than the rate for free meals. Schools may serve free meals to additional children if other funding sources are available to cover the remainder of the fees (e.g., some states cover reduced-price fees). Children who do not meet the eligibility standards for F/RP meals can still purchase meals in NSLP and SBP schools, and these *full-price* meals are still subsidized by the federal government at a lower rate.

Children who meet the eligibility criteria must go through a process to become certified for benefits. The traditional method of certification for F/RP school meals is a household application (paper or electronic) that is processed by the school district. Federal laws have also authorized *direct certification* pathways over the past decades that do not require action from households; rather, states and school districts share information from programs (e.g., lists of children in households participating in SNAP) to certify children without a household application.

In recent years, Congress has considered ways to expand or restrict eligibility for F/RP school meals. These options include (1) changing income eligibility standards; (2) changing categorical eligibility criteria; (3) changing access to special program options, such as CEP; and (4) providing universally free school meals (eliminating eligibility rules altogether). This report discusses these options and presents considerations for each approach. It does not examine every possible policy option or discuss policies that indirectly affect eligibility for F/RP school meals.

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Introduction

There is long-standing debate over targeted versus universal benefits in the context of many social programs.[1] This debate has recently surfaced in the U.S. Department of Agriculture (USDA)-administered National School Lunch Program (NSLP) and School Breakfast Program (SBP) (collectively referred to as the *school meals programs*[2]). Some argue that the federal government should pay the cost of allowing all children to receive free school meals—and a version of this policy has been implemented during the COVID-19 pandemic. Others advocate for retaining the more targeted approach of the federal government paying primarily for free or reduced-price (F/RP) meals for children from low-income families, which has generally been the structure since the start of the programs.

During the pandemic, arguments for federally funded free meals for all students have centered on the burden of administering household applications for F/RP meals and addressing heightened rates of food insecurity that may not be reflected in previously approved applications. Similar arguments are used for a permanent expansion of F/RP meals, as well as arguments related to more children eating meals and eliminating stigmas associated with receiving F/RP meals.[3] Arguments for retaining or narrowing eligibility focus on targeting benefits to the children most in-need and avoiding increases in federal spending.[4]

There are currently options through which schools participating in the federal school meals programs may offer free meals to all students. One of those is a local option: schools may cover the cost of reduced-price and/or paid meal fees with school, school district[5], private, or state funding if available (as they continue to receive the tiered federal reimbursements for free, reduced-price, and paid meals).[6] The others are federal options: schools participating in special program options—the Community Eligibility Provision (CEP), Provision 2, or Provision 3—serve free meals to all students with fewer or no household applications.

The history of changes to eligibility rules for F/RP school breakfasts and lunches can help contextualize current debates over restricting or expanding eligibility for these meals. This report starts by documenting changes to school meals eligibility rules since the inception of the NSLP in 1946. It then provides an overview of current eligibility standards. Finally, the report discusses a

[1] For example, see R.M. Desai, "Rethinking the universalism versus targeting debate," The Brookings Institution, May 31, 2017, https://www.brookings.edu/blog/future-development/2017/05/31/rethinking-the-universalism-versus-targeting-debate and the "Universal Policies Versus Need-Tested Benefits" section in CRS Report R43731, *Poverty: Major Themes in Past Debates and Current Proposals*.

[2] For background on the school meals programs, see CRS Report R46234, *School Meals and Other Child Nutrition Programs: Background and Funding*.

[3] For example, see Janet Poppendieck, "Top 10 Reasons to Support Free Healthy School Meals for All," Food Research and Action Center (FRAC), April 8, 2021, https://frac.org/blog/top-10-reasons-to-support-free-healthy-school-meals-for-all; and Meg Wilcox, "The People Behind School Meals Are Pushing for Free Access for All," Civil Eats, March 8, 2021, https://civileats.com/2021/03/08/the-people-behind-school-meals-are-pushing-for-free-access-for-all.

[4] For example, see Daren Bakst and Jonathan Butcher, "Congress Has to Avoid Universal Free School Meals Which Include Wealthy," *The Heritage Foundation*, October 23, 2020, https://www.heritage.org/welfare/commentary/congress-has-avoid-universal-free-school-meals-which-include-wealthy.

[5] The term *school district* is used in this report to refer to both *school food authorities*, the local authorities legally charged with operating most aspects of the school meal programs (typically, these are food service departments within school districts), and *local educational agencies*, usually a broader school district or school board that plays a role in administering the school meals programs (processing household applications, for example).

[6] Schools must still process applications to receive federal reimbursements for F/RP meals served to qualifying children.

selection of potential changes to the eligibility rules that would facilitate broader or narrower eligibility for F/RP school meals, and related considerations.

This report focuses on the federal eligibility rules for F/RP school meals. It does not address all policies that can facilitate changes in eligibility and participation in school meals, such as changes to the funding structure (e.g., block granting the programs), errors in eligibility determinations, or eligibility rules in intertwined programs such as the Supplemental Nutrition Assistance Program (SNAP). The eligibility rules discussed in the report pertain to all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam. Certain Pacific Islands (the Northern Mariana Islands and American Samoa) receive block grants in lieu of normal child nutrition program funding and are not discussed.[7]

Table 1. Acronyms Used in this Report

Acronym	
CEP	Community Eligibility Provision
FFCRA	Families First Coronavirus Response Act
FNS	USDA's Food and Nutrition Service
F/RP	Free/reduced-price
HHFKA	Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296)
ISP	Identified student percentage
NSLP	National School Lunch Program
SBP	School Breakfast Program
SFSP	Summer Food Service Program
SNAP	Supplemental Nutrition Assistance Program
SSO	Seamless Summer Option
TANF	Temporary Assistance for Needy Families program
USDA	U.S. Department of Agriculture

Changes to School Meals Eligibility Rules over Time

This section discusses the evolution of eligibility rules for F/RP school meals.

History of Eligibility Rules Applicable to Most Schools

The National School Lunch Act of 1946 (P.L. 79-396) permanently authorized appropriations for the NSLP. Section 9 of the act required participating schools to serve lunches for free or at a reduced price to students who were deemed by local school authorities to be "unable to pay the full cost of a lunch." Schools were prohibited from segregating or otherwise discriminating against students receiving F/RP lunches.

[7] For more information on child nutrition programs in the Northern Mariana Islands and American Samoa, see U.S. Department of the Interior, Office of Insular Affairs, Region IX Federal Regional Council, Outer Pacific Committee, *FY2016 Report on Federal Financial Assistance to the U.S. Pacific and Caribbean Islands*, May 1, 2017, p. 10, https://www.doi.gov/sites/doi.gov/files/uploads/fy16-report-on-federal-financial-assistance-to-the-insular-areas.pdf.

In 1970, amendments to the National School Lunch Act and the Child Nutrition Act of 1966 (P.L. 91-248) required the Secretary of Agriculture to establish, on an annual basis, income-based eligibility criteria for F/RP meals based on the federal poverty guidelines, at not less than 100% of the federal poverty level. USDA established the threshold as 100% of the poverty guidelines in 1971. In 1972, P.L. 92-433 gave states the option to set eligibility for free meals at up to 125% of the poverty guidelines and for reduced-price meals at up to 150% of the poverty guidelines. The eligibility threshold for reduced-price meals was increased to 175% of the poverty guidelines in 1973 (P.L. 93-150). In 1975, additional amendments to the National School Lunch Act and the Child Nutrition Act of 1966 made by P.L. 94-105 required participating schools to offer reduced-price meals to children in households under 195% of the poverty guidelines (and above 100%-125% of the poverty guidelines, depending on a state's threshold for free meals). In 1978, the Child Nutrition Amendments (P.L. 95-627) set the national income eligibility standard for free meals at 125% of the poverty guidelines starting in 1979.[8]

As part of larger efforts to reduce federal domestic spending in the early 1980s, Title VIII of the Omnibus Reconciliation Act of 1981 (P.L. 97-35) made changes that collectively cut $1.4 billion (roughly one-quarter) of the child nutrition programs' budget in FY1982.[9] One of those changes was restricting income eligibility for reduced-price meals from 195% to 185% of the federal poverty guidelines. However, income eligibility was raised to 130% of the federal poverty level for free meals. The act also increased allowable charges for reduced-price lunches from 20 cents to 40 cents and for reduced-price breakfasts from 10 cents to 30 cents, decreasing the federal subsidy accordingly.[10]

Changes to the income eligibility thresholds for F/RP school meals over time are displayed in **Table 2**.

Table 2. Income Eligibility Thresholds for Free and Reduced-Price (F/RP) School Meals, 1946-Present

	Income Eligibility Standards for F/RP School Meals (as a Percentage of the Federal Poverty Guidelines from 1971-Present)	
	Free	**Reduced-Price**
1946 (enactment of National School Lunch Act)-1970	Students determined by local school authorities to be unable to pay the full cost of a school meal	
1971	100%	100%
1972	100%-125% (state option)	100%-150% (state option)
1973-1974	100%-125% (state option)	100%-175% (state option)
1975-1978	100%-125% (state option)	195%
1979-1980	125%	195%
1981-Present	130%	185%

Source: CRS, based on public laws and J.Y. Jones, "Appendix A: Child Nutrition Programs: A Narrative Legislative History and Program Analysis" in *U.S. Congress, House Committee on Education and Labor, Child Nutrition*

[8] This paragraph draws on discussion from J.Y. Jones, "Appendix A: Child Nutrition Programs: A Narrative Legislative History and Program Analysis" in *U.S. Congress, House Committee on Education and Labor, Child Nutrition Programs: Issues for the 103rd Congress*, 103rd Cong., 2nd sess., Serial No. 103-H (Washington, DC: GPO, 1994), pp. 72-73.

[9] Ibid, p. 44.

[10] Ibid, p. 69.

Programs: Issues for the 103rd Congress, 103rd Cong., 2nd sess., Serial No. 103-H (Washington, DC: GPO, 1994), pp. 72-73.

Notes: Table does not reflect other eligibility rules, such as categorical eligibility rules, for F/RP school meals or eligibility in schools participating in the Community Eligibility Provision or Provision 1, Provision 2, and Provision 3.

In 1986, P.L. 99-661 authorized automatic (categorical) eligibility for free meals for children whose households received assistance through the food stamp program (now SNAP) and Aid to Families with Dependent Children (now the Temporary Assistance for Needy Families [TANF] program). These determinations were made through a household providing a SNAP or AFDC case number on a school meals application.[11] Subsequent legislation—the Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147)—added another certification option, allowing school districts to directly certify children's participation in the school meals programs without the need for a household application.

The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) expanded access to free school meals by extending categorical eligibility and direct certification to homeless children, migrant children, and children served under the Runaway and Homeless Youth Act. Eligibility for free school meals was also expanded through the Healthy Hunger-Free Kids Act of 2010 (HHFKA; P.L. 111-296), which extended categorical eligibility and direct certification to foster children and established a pilot project for direct certification (but not categorical eligibility) of children in Medicaid households school meals (discussed further in the "Direct Certification" section).

History of Alternative Eligibility Rules Used by Some Schools

Over time, special program options have been added to the Richard B. Russell National School Lunch Act that are aimed at simplifying eligibility determinations and paperwork in high-poverty schools.

The first two options, Provision 1 and Provision 2, were added in 1977 by P.L. 95-166. Provision 1 allows high-poverty schools to certify children for free meals for a two-year period instead of a one-year period. Provision 2 allows any school that agrees to provide free meals to all students to make F/RP eligibility determinations every four years. The 1994 child nutrition reauthorization (P.L. 103-448) added a third special option, Provision 3, which is similar to Provision 2 but has a different reimbursement formula.[12]

More recently, the HHFKA added another special option, CEP, for schools that agree to serve free meals to all students.[13] Unlike Provision 2 and Provision 3, schools must meet an eligibility

[11] U.S. Department of Agriculture, Food and Nutrition Service (FNS), Office of Research and Analysis, *Direct Certification in the National School Lunch Program: State Implementation Progress Report to Congress*, December 2008, p. 3, https://www.fns.usda.gov/direct-certification-national-school-lunch-program-state-implementation-progress.

[12] USDA, FNS, "Provisions 1, 2, and 3," May 6, 2014, https://www.fns.usda.gov/cn/provisions-1-2-and-3.

[13] P.L. 111-296 also authorized "universal meal service through Census data" demonstration projects, allowing USDA to test alternative eligibility determination procedures and reimbursement using Census or other socioeconomic survey data (Section 11(g) of the Richard B. Russell National School Lunch Act, codified at 42 U.S.C. 1759a(g)). USDA ultimately decided not to carry out these demonstration projects after exploring the feasibility of the approach in a study conducted with the National Academy of Sciences: National Research Council, Committee on National Statistics, Division of Behavioral and Social Sciences and Education, *Using American Community Survey Data to Expand Access to the School Meals Programs. Panel on Estimating Children Eligible for School Nutrition Programs Using the American Community Survey*, prepared for USDA, FNS, 2012, https://fns-prod.azureedge.net/sites/default/files/CNSTAT.pdf.

threshold to participate in CEP. According to the Senate committee report accompanying the legislation, CEP was intended to increase access to free meals and reduce paperwork for schools and families by eliminating applications. It was also intended to eliminate any stigmas children receiving F/RP meals may have experienced in the cafeteria.[14]

Provision 1, Provision 2, Provision 3, and CEP are discussed further in the "Current Law: Eligibility for Free and Reduced-Price School Meals" section.

Changes to Eligibility Rules During the COVID-19 Pandemic

Pandemic response laws and administrative actions have facilitated an expansion of free meals during the 2020-2021 and 2021-2022 school years.[15]

The Families First Coronavirus Response Act (FFCRA; P.L. 116-127, as amended through P.L. 117-2) expanded USDA's authority to waive child nutrition program requirements in FY2020 and FY2021. USDA used the authority under FFCRA to issue a number of waivers during the pandemic.[16] One of these—the *area eligibility* waiver—allows school districts and nonprofits to serve free meals to all children (without eligibility determinations) through the Summer Food Service Program (SFSP) and Seamless Summer Option (SSO) (which is normally only allowed in areas where at least 50% of children qualify for F/RP meals).[17] The Trump Administration made this option available to all states starting on May 6, 2020 and continued the option through school year 2020-2021.[18]

For school year 2021-2022, the Biden Administration announced that school districts in states that opt into the waiver may choose to operate under a different policy; specifically, they may choose to operate SSO through June 30, 2022, serve free meals to all children without eligibility determinations, and receive the higher SFSP reimbursement rates.[19] School districts are not required to participate under the SSO waiver, and may instead choose to operate NSLP and/or SBP, which require eligibility determinations for F/RP meals. School districts that choose to operate NSLP/SBP in school year 2021-2022 will receive the NSLP/SBP reimbursement rates.

[14] U.S. Congress, Senate Committee on Agriculture, Nutrition, and Forestry, Healthy, Hunger-Free Kids Act, report to accompany S. 3307, 111th Cong., 2nd sess., S.Rept. 111-178 (Washington, DC: GPO, 2010), p. 6.

[15] For a longer discussion of these changes, see CRS Report R46681, *USDA Nutrition Assistance Programs: Response to the COVID-19 Pandemic*. For more information on summer meals program rules, see CRS In Focus IF11633, *Summer Meals for Children: An Overview of Federal Aid*.

[16] For a list of child nutrition program waivers that USDA has issued during the pandemic, see USDA, FNS, "Child Nutrition COVID-19 Waivers," https://www.fns.usda.gov/programs/fns-disaster-assistance/fns-responds-covid-19/child-nutrition-covid-19-waivers.

[17] USDA, FNS, "COVID–19: Child Nutrition Response #77," FNS-GD-2021-0017, March 9, 2021, https://www.fns.usda.gov/cn/covid-19-child-nutrition-response-77.

[18] USDA, FNS, "Nationwide Waiver to Extend Area Eligibility Waivers–Extension 3," October 9, 2020, https://www.fns.usda.gov/cn/covid-19-response-60; and USDA, FNS, "COVID–19: Child Nutrition Response #73," FNS-GD-2021-0013, March 9, 2021, https://www.fns.usda.gov/cn/covid-19-child-nutrition-response-73.

[19] CRS communication with FNS in June 2021; USDA, FNS, "Nationwide Waiver to Allow the Seamless Summer Option through School Year 2021-2022," Child Nutrition Response #85, April 20, 2021, https://www.fns.usda.gov/cn/child-nutrition-response-85; and USDA, FNS, "Nationwide Waiver to Allow Summer Food Service Program Reimbursement Rates in School Year 2021-2022," Child Nutrition Response #86, April 20, 2021, https://www.fns.usda.gov/cn/child-nutrition-response-86. For more information on SSO's rules, see CRS In Focus IF11633, *Summer Meals for Children: An Overview of Federal Aid*.

Current Law: Eligibility for Free and Reduced-Price School Meals

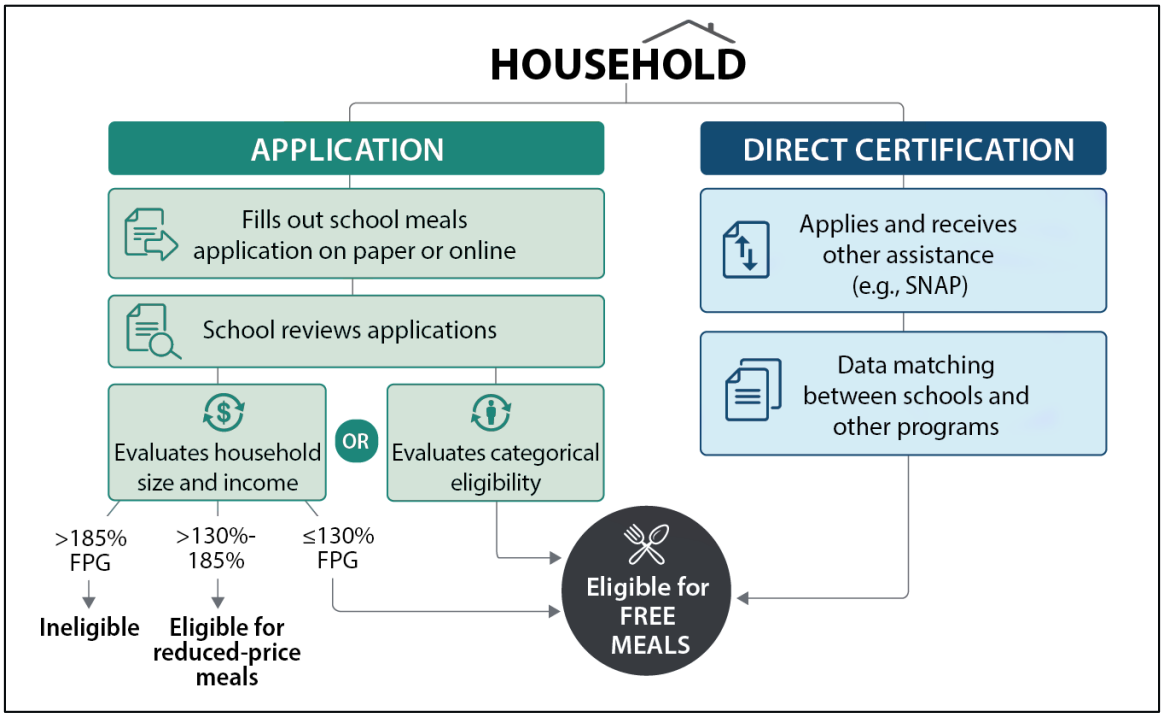
This section provides further detail on eligibility rules for F/RP school meals under current law (except changes to those rules in school years 2020-2021 and 2021-2022 related to the COVID-19 pandemic). It starts with a brief summary of the benefits associated with F/RP meals, and then discusses the overarching eligibility rules applicable to most schools. Finally, it presents further information on eligibility in schools operating Provision 1, Provision 2, Provision 3, or CEP.

Eligibility at a Glance

In most NSLP and SBP participating schools, children are eligible for F/RP meals based on (1) an income test or (2) meeting *categorical eligibility* criteria (i.e., participating in another means-tested program or falling into a certain category; discussed in the following sections).

An overview of the eligibility determination process is shown in **Figure 1**. In general, income eligibility is determined via a household application that is reviewed by a school district official, and categorical eligibility determinations may be made via household application (e.g., by supplying a program case number) or through *direct certification*. Direct certification is the process through which state agencies and school districts certify children for free school meals based on documentation from other state or local program officials, without the need for the household to submit an application.

Figure 1. Certification Pathways for Free and Reduced-Price School Meals



Source: CRS adaptation of figure from U.S. Government Accountability Office (GAO), *School Meals Programs: USDA Has Enhanced Controls, but Additional Verification Could Help Ensure Legitimate Program Access*, GAO-14-262, May 2014, p. 13.

Notes: Direct certification of children in Medicaid demonstration states for reduced-price meals is not depicted in this graphic. SNAP = Supplemental Nutrition Assistance Program, FPG = federal poverty guidelines.

Eligibility Rules Applicable to Most Schools

Income Eligibility

To be income eligible for free meals, children must live in a household at or below 130% of the federal poverty guidelines ($34,060 for a household of four in school year 2020-2021). Eligibility for reduced-price meals is based on a household income of greater than 130% and less than or equal to 185% of the federal poverty guidelines ($48,470 for a household of four in school year 2020-2021).[20]

These thresholds are based on the annual federal poverty guidelines established by the U.S. Department of Health and Human Services, and are updated annually for inflation. USDA's Food and Nutrition Service (FNS) publishes the corresponding income limits by household size for F/RP meals in the *Federal Register* on an annual basis.[21]

To become income eligible for school meals, a child's parent or guardian must complete a paper or online application that includes the income of each household member, the household size, and other information.[22] Household applications and eligibility determinations are administered at the start of the school year, but families can also fill out applications on a rolling basis throughout the school year. On occasion, school district officials are authorized to fill out household applications on behalf of families if they have family income and family-size data from other sources.[23]

Household income is defined as total gross income (before taxes or deductions), including earnings and wages, certain public assistance benefits (e.g., unemployment compensation, social security benefits, child support payments), and retirement and pension income.[24] Households are asked to provide current weekly, biweekly, twice monthly, or monthly income amounts, which school district officials compare to the income eligibility thresholds to determine eligibility for free meals, reduced-price meals, or neither.[25] Households only need to fill out one application if they have multiple children in the same school district.

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[20] USDA, FNS, "Child Nutrition Programs: Income Eligibility Guidelines," 85 *Federal Register* 16050, March 20, 2020; and U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation (ASPE), "Poverty Guidelines," January 15, 2021, https://aspe.hhs.gov/poverty-guidelines.

[21] For example, see USDA, FNS, "Child Nutrition Programs: Income Eligibility Guidelines," 85 *Federal Register* 16050, March 20, 2020.

[22] The adult household member filling out the application is required to provide the last four digits of his/her Social Security number (Section 9(d)(1) of the NSLA), or, according to program regulations, indicate that he/she does not have one (7 C.F.R. §245.6(a)(6)). The law does not allow for citizenship eligibility restrictions; Section 742(a) of P.L. 104-193 states that individuals who are eligible for free public education benefits under state and local law shall remain eligible to receive school lunch and school breakfast benefits.

[23] 7 C.F.R. §245.6(d). According to USDA, "this option is intended for limited use in individual situations and must not be used to make eligibility determinations for categories or groups of children"; USDA, FNS, "Child Nutrition Programs: Income Eligibility Guidelines," 85 *Federal Register* 16050, March 20, 2020; and USDA, FNS, *Eligibility Manual for School Meals: Determining and Verifying Eligibility*, July 2017, p. 42, https://www.fns.usda.gov/eligibility-manual-school-meals.

[24] 7 C.F.R. §245.6(a)(5)(ii). Also see USDA, FNS, "Child Nutrition Programs: Income Eligibility Guidelines," 85 *Federal Register* 16050, March 20, 2020; USDA, FNS, *Eligibility Manual for School Meals: Determining and Verifying Eligibility*, July 2017, https://www.fns.usda.gov/eligibility-manual-school-meals; and USDA, FNS, "Applying for Free and Reduced Price School Meals," https://www.fns.usda.gov/cn/applying-free-and-reduced-price-school-meals.

[25] Ibid. Households are asked to report this income for the most recent period prior to the application, unless it does not reflect their typical income—in which case they can provide the amount of income they normally receive in a month.

The verification of household applications and detailed information on meal reimbursements are not discussed in this report. For information on these concepts, see CRS Report R46234, *School Meals and Other Child Nutrition Programs: Background and Funding*.

Categorical Eligibility

As an alternative to income eligibility, children can become eligible for free school meals if they fall into a certain category (referred to as *categorical eligibility*). Per statute, children are automatically eligible for free lunches and breakfasts (without consideration of household income) if they[26]

- are in a household receiving assistance through the following programs:
  - SNAP;
  - the Food Distribution Program on Indian Reservations (a program that operates in lieu of SNAP on some Indian reservations); or
  - TANF[27];
- are enrolled in Head Start;
- are enrolled in a Runaway and Homeless Youth program;
- meet the definition of a foster child[28];
- meet the definition of a migratory child[29]; or
- meet the definition of a homeless child or youth.[30]

Categorical eligibility for free meals may be determined via a household application (households may provide a case number on the application) or through direct certification (discussed in the next section). The vast majority of categorically eligible children are certified for free meals through direct certification as compared to household application (approximately 94% versus 6%).[31]

Direct Certification

Direct certification is a process through which state agencies and school districts automatically certify children for free meals based on documentation of a child's status in a program or category without the need for a household application.[32] States are required to conduct direct

[26] See Section 9(b)(12)(A) of the Russell National School Lunch Act (codified at 42 U.S.C. §1758(b)(12)(A)) for more specific definitions of these categories. SNAP, FDPIR, and TANF have income limits, but the other categories as defined in the statute are not limited by income.

[27] For further information on the TANF categorical eligibility rules, see 7 C.F.R. §245.12 and USDA, FNS, "Categorical Eligibility—Temporary Assistance to Needy Families," SP 22-2010; CACFP 10-2010; SFSP 08-2010, April 2010, https://www.fns.usda.gov/cn/categorical-eligibility-tang.

[28] Specifically, "a foster child whose care and placement is the responsibility of an agency that administers a State plan under part B or E of title IV of the Social Security Act (42 U.S.C. 621 et seq.); or (ii) a foster child who a court has placed with a caretaker household."

[29] As defined in Section 1309 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. §6399).

[30] As defined in Section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. §11434a(2)).

[31] CRS calculations based on FNS-742 administrative data provided by USDA, FNS on June 1, 2021.

[32] Direct certification authority is in Section 9(b)(4)-(5) of the Russell National School Lunch Act (codified at 42 U.S.C. §1758(b)(4)-(5)). Direct certification is defined in NSLP/SBP program regulations at 7 C.F.R. §245.2.

certification for SNAP and have the option of conducting direct certification for the other programs and categories that convey categorical eligibility.

For SNAP and other federal programs, the direct certification process typically involves state agencies (e.g., state SNAP and state educational agencies) cross-checking program rolls.[33] A list of matched children is sent to the school district, which certifies children for free meals without the need for a household application.[34] For foster, homeless, and migrant children, direct certification typically involves school district communication with a local or state official who can provide documentation of the child's status in one of these categories.[35]

Direct Certification with Medicaid Demonstration

The HHFKA initiated a demonstration project to conduct direct certification of children individually participating in Medicaid and children in Medicaid households.[36] Unlike the other programs used to directly certify children for school meals, Medicaid does *not* convey categorical eligibility for free school meals, but rather identifies children in households that would meet the income eligibility thresholds for F/RP school meals.[37]

As of school year 2020-2021, there were 19 states directly certifying children based on Medicaid data. Four of those states (Illinois, Kentucky, New York, and Pennsylvania) used Medicaid household income data to directly certify for free meals only. Fifteen states (California, Connecticut, Florida, Indiana, Iowa, Massachusetts, Michigan, Nebraska, Nevada, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin) were operating under an expanded direct certification demonstration project to test direct certification with Medicaid for free *and* reduced-price meals using a household income test.[38]

[33] USDA, FNS, Direct Certification in the National School Lunch Program State Implementation Progress Report to Congress School Year 2017-2018 & School Year 2018-2019, June 2021, https://www.fns.usda.gov/cn/direct-certification-national-school-lunch-program-state-implementation-progress-report.

[34] Parents and guardians are notified of the child's enrollment in free meals and are allowed to opt-out.

[35] USDA, FNS, *Eligibility Manual for School Meals: Determining and Verifying Eligibility*, July 2017, https://www.fns.usda.gov/eligibility-manual-school-meals.

[36] For more information on the direct certification with Medicaid demonstration, see USDA, FNS, *Final Report: Direct Certification with Medicaid for Free and Reduced-Price Meals (DCMF/RP) Demonstration, Year 1*, Mathematica Policy Research, August 2019, https://www.fns.usda.gov/cn/evaluation-direct-certification-medicaid-free-and-reduced-price-meals; and USDA, FNS, *Direct Certification with Medicaid for Free and Reduced-Price Meals (DCM-F/RP) Demonstration, Year 2*, Mathematica Policy Research, September 2020, https://www.fns.usda.gov/nslp/evaluation-direct-certification-medicaid-free-and-reduced-price-meals-dcm-frp.

[37] USDA, FNS, "Request for Applications to Participate in Demonstration Projects to Evaluate Direct Certification with Medicaid," January 27, 2016, https://www.medicaid.gov/federal-policy-guidance/downloads/cib-02-12-16.pdf.

[38] CRS communication with USDA, FNS in March 2021. The demonstration uses authority in Section 9(b)(15) of the Richard B. Russell National School Lunch Act (as amended by HHFKA [P.L. 111-296]) as well as FNS's pilot authority under Section 18(c) of the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. §1769(c)). For the latest grant announcement as of the date of this report, see USDA, FNS, "National School Lunch Program and School Breakfast Program Demonstration Projects to Evaluate Direct Certification with Medicaid," July 30, 2021, https://www.fns.usda.gov/cn/direct-certification-medicaid-demonstration-project.

Table 3. Key Statutory References to Free/Reduced-Price School Meal Eligibility and Certification Rules

Richard B. Russell National School Lunch Act	Description
Section 9(b)(1), (2), (3), (9), (11), (12), (13), and (14), and (d)(1)	Income eligibility rules and household applications
Section 9(b)(4)	Mandatory direct certification with SNAP
Section 9(b)(5)	Optional direct certification with TANF, Runaway and Homeless Youth (RHY) programs, Head Start, foster children, migrant children, homeless children
Section 9(b)(6)	Data sharing permissions for free and reduced-price eligibility information
Section 9(b)(12)	Categorical eligibility with SNAP, TANF, RHY programs, Head Start, foster children, migrant children, homeless children
Section 9(b)(15)	Demonstration for direct certification with Medicaid
Section 9(d)(2)	Required documentation for free and reduced-price meal certification

Source: CRS, based on current law.

Alternative Eligibility Rules Applicable to Some Schools

Provision 1, Provision 2, and Provision 3

Provision 1 allows high-poverty schools—defined as schools with at least 80% of students qualifying for F/RP lunches—to certify children for free meals for two consecutive school years instead of a single year (reducing the administrative burden on schools and households). Children who are not certified for free meals must still be provided an application for F/RP meals on an annual basis, and they may apply for such meals on an ongoing basis.[39]

Provision 2 allows schools that agree to provide free meals to all students to make eligibility determinations every four years.[40] Provision 2 schools' meal reimbursements are based on the proportion of meals served at the free/reduced-price/paid rate during the first year applied to the total meal counts in the current year.

Similar to Provision 2, schools using Provision 3 must agree to provide free meals to all students and they may operate the provision for a four-year period. The difference is the reimbursement

[39] 7 C.F.R. §245.9(a).

[40] Eligibility determinations in the first year are made via household application and direct certification. USDA, FNS, "Provision 2 Guidance National School Lunch and School Breakfast Programs," last updated in 2002, https://fns-prod.azureedge.net/sites/default/files/Prov2Guidance.pdf.

formula: Provision 3 schools make eligibility determinations and track meal counts in a base year (the year *before* the four-year period). The amount of funding they receive in subsequent years is the amount in the base year adjusted for inflation, enrollment, and operating days, and they do not have to track meal counts.[41]

Unlike Provision 1 and CEP, there is no eligibility threshold for schools to participate in Provision 2 or Provision 3. There were 63 schools operating Provision 1 and roughly 3,900 schools operating Provision 2 or Provision 3 in school year 2019-2020.[42]

Community Eligibility Provision (CEP)

Like Provision 2 and Provision 3, CEP requires participating schools to provide free meals to all students, and schools may opt into the provision for a four-year period. The main differences are that CEP schools must meet an eligibility threshold to participate, are not required to administer household applications, and receive meal reimbursements based on an alternative formula.[43]

To qualify for CEP, a school, group of schools, or school district must have an identified student percentage (ISP) of at least 40%.[44] The ISP is the percentage of enrolled students who are certified for free meals by the school district or state agency without the use of a household application. A school's ISP is essentially the same as its direct certification rate (discussed in the "Direct Certification" section) except that the ISP does not include students who are directly certified for reduced-price meals through the Medicaid demonstration.[45] Instead of receiving the normal reimbursements for each free, reduced-price, and full-price meal served, CEP schools receive funds under an alternative formula: the ISP is multiplied by 1.6 to calculate the percentage of meals served that are reimbursed at the free rate, with the remainder of meals reimbursed at the lower paid rate.[46] For example, if a CEP school has an ISP of 40%, then 64% of meals would be reimbursed at the free-meal rate and 36% would be reimbursed at the paid rate.

CEP was phased in over three school years and became an option for school districts in all states in school year 2014-2015.[47] As of school year 2019-2020, there were more than 30,600 schools nationwide (approximately 33% of NSLP schools) participating in the provision (see **Figure 2**).[48]

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[41] USDA, FNS, "Provisions 1, 2, and 3: Special Assistance Alternatives," May 6, 2014, https://www.fns.usda.gov/cn/provisions-1-2-and-3.

[42] CRS calculations based on FNS-742 administrative data provided by USDA, FNS on June 1, 2021.

[43] For further detail, see CRS Report R46371, *Serving Free School Meals through the Community Eligibility Provision (CEP): Background and Participation*.

[44] Section 11(a)(1)(F)(viii) of the Richard B. Russell National School Lunch Act (42 U.S.C. §1759a(a)(1)(F)(viii)).

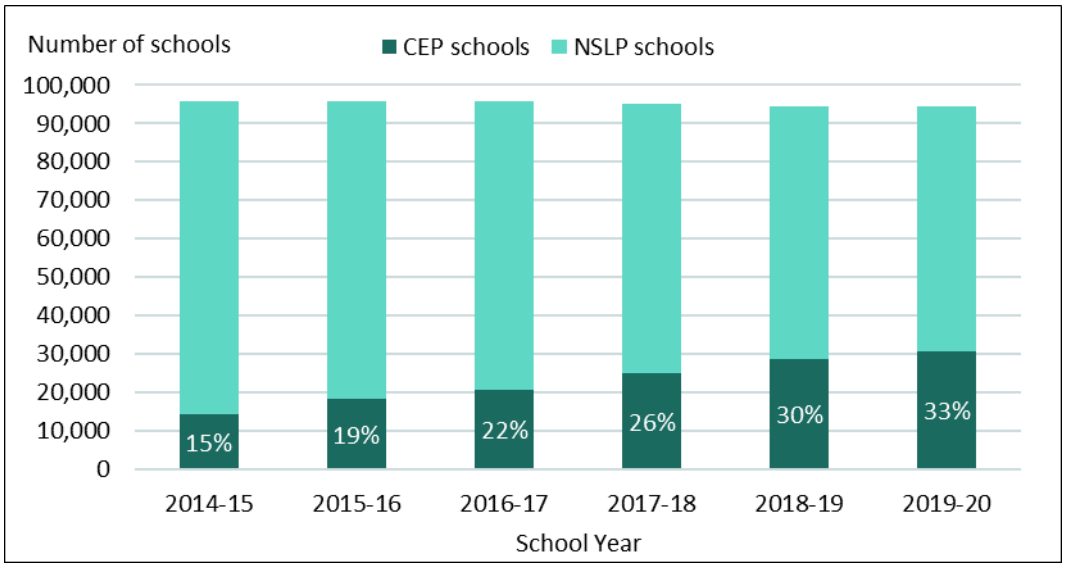
[45] The definition of the ISP is in program regulations at 7 C.F.R. Section 245.6a(c)(2) and 7 C.F.R. Section 245.9(f)(1)(ii). According to the Richard B. Russell National School Lunch Act, "the term 'identified students' means students certified based on documentation of benefit receipt or categorical eligibility as described in section 245.6a(c)(2) of title 7, Code of Federal Regulations (or successor regulations)." For a simpler overview of the ISP, see USDA, FNS, "State Agency Checklist for Checking Identified Student Percentage Accuracy," December 2015, https://fns-prod.azureedge.net/sites/default/files/cn/SP15-2016a2v2.pdf.

[46] According to CEP's implementing regulations, the 1.6 multiplier was used to estimate the F/RP eligible population had household applications been administered. USDA, FNS, "National School Lunch Program and School Breakfast Program: Eliminating Applications through Community Eligibility as Required by the Healthy, Hunger-Free Kids Act of 2010," 81 *Federal Register* 50194, July 29, 2016.

[47] USDA, FNS, "Community Eligibility Provision (CEP): Planning & Implementation Guidance," September 2016, p. 8, https://www.fns.usda.gov/fall-2016-edition-community-eligibility-provision-planning-and-implementation-guidance.

[48] CRS divided this number by the number of NSLP schools (94,469) in FY2019, as reported in USDA, FNS, "September 2020 Keydata Report," January 27, 2021, https://www.fns.usda.gov/data/september-2020-keydata-report.

Figure 2. Estimated Percentage of NSLP Schools Operating CEP, School Years 2014-2015 to 2019-2020



Source: CRS, applying the number of CEP schools reported in Food Research and Action Center's (FRAC's) CEP Database to USDA, FNS, Keydata files for 2014-2020.

Notes: The chart does not reflect a relatively small number of schools operating only the SBP.

Benefit Amounts and Funding Sources

Both children and schools receive benefits when students are certified for and served F/RP school meals. Under current law, such students receive free meals, or they pay a maximum of 40 cents per lunch and 30 cents per breakfast for reduced-price meals.[49]

For schools, meals served to eligible children qualify for the federal free-meal reimbursement rate (a maximum of $3.75 per lunch and $2.26 per breakfast in school year 2020-2021) or the reduced-price reimbursement rate (a maximum of $3.35 per lunch and $1.96 per breakfast in school year 2020-2021).[50] Reimbursements are based on a rate provided in statute that is adjusted annually for inflation.[51] Schools also receive a smaller paid reimbursement rate (a maximum of $0.48 per lunch and $0.32 per breakfast in school year 2020-2021) for meals purchased by children who are not eligible for or who do not apply for F/RP meals. This may or may not result in a reduced charge for children paying "full price" for meals.

Most funding for school food service operations comes from federal meal reimbursements. A USDA study of the school meals programs in school year 2014-2015 found that 63% of school food service revenues came from federal funds, 30% came from student payments for full price and reduced-price meals and other school foods, and 6% came from state and local funds.[52]

[49] Section 9(b)(1) of the NSLA (42 U.S.C. §1758(b)(1).

[50] Rates are for the 48 contiguous states and the District of Columbia; separate rates are provided for Alaska, Guam, Hawaii, Puerto Rico, and the U.S. Virgin Islands. USDA, FNS, "National School Lunch, Special Milk, and School Breakfast Programs, National Average Payments/Maximum Reimbursement Rates," July 22, 2020, 85 *Federal Register* 44270.

[51] Section 11(a)(3)(B) of the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. §1759a(a)(3)(B)).

[52] USDA, FNS, Office of Policy Support, *School Nutrition and Meal Cost Study, Final Report Volume 3: School Meal*

States participating in NSLP are required by law to cover a small proportion of school meal program costs.[53] Some states exceed this requirement. For example, California and Maine recently enacted laws to fund free meals for all students starting in school year 2022-2023.[54] Other states cover reduced-price copays for breakfasts and/or lunches using state funding or provide school meals funding that may enable schools to remove reduced-price and/or paid-meal fees.[55] School districts may also use local or private funds to cover the remaining costs of reduced-price and/or full price meals.

Verifying the Accuracy of Eligibility Determinations

Each fall, school districts are required to verify a sample of approved household applications on file, with a focus on applications close to the eligibility threshold.[56] Districts may also conduct verification of questionable applications, such as applications that are missing income information of which district officials are otherwise aware.[57]

Verification is not required for children who are directly certified for F/RP meals. Therefore, verification is not required in CEP schools, since they only conduct direct certification. Districts participating in Provision 1, Provision 2, and Provision 3 must meet verification requirements for the years in which they administer household applications.

Districts may use data from other low-income programs to verify children's eligibility for F/RP school meals, but if data cannot be verified in this way, districts must contact households to acquire documentation to verify the information provided on the household application. A child's eligibility status may stay the same or change (e.g., from free meals to reduced-price meals or loss of eligibility) as a result of verification or if the household does not respond to verification outreach (in which case eligibility would be lost, though that decision can be appealed).

National data from USDA show that 24% of households selected for verification in school year 2018-2019 did not respond to school districts' requests for information and therefore had their F/RP meal benefits terminated.[58] Of households that responded to the verification request, 59%

Costs and Revenues, April 2019, p. 43, https://www.fns.usda.gov/school-nutrition-and-meal-cost-study.

[53] Section 7(a)(1) of the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. §1756(a)(1)). The required contribution in NSLP equals 30% of funds made available to states in school year 1980-1981 (not adjusted for inflation) under Section 4 of the Richard B. Russell National School Lunch Act, which was $200 million according to U.S. Congress, Senate Committee on Agriculture, Nutrition, and Forestry, *Child Nutrition Programs: Description, History, Issues, and Options*, committee print, 98th Cong., 1st Sess., January 1983, S. Prt. 98-15 (Washington, DC: GPO, 1983), p. 8. States must also maintain level funding to the amount expended in FY1977 for state administrative expenses associated with NSLP and SBP, per Section 7(f) of Child Nutrition Act (codified at 42 U.S.C. §1776(f)).

[54] State of California, "2021-22 State Budget: Entire Education Budget," http://www.ebudget.ca.gov/budget/2021-22EN/#/Agency/6010, accessed August 9, 2021; and H.P. 156 - L.D. 221 (130th Maine Legislature), http://www.mainelegislature.org/legis/bills/display_ps.asp?ld=221&PID=1456&snum=130.

[55] FRAC, "School Meals Legislation and Funding by State," February 2021, https://frac.org/wp-content/uploads/state_leg_table_scorecard.pdf.

[56] Section 9(b)(3)(D) of the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. §1758(b)(3)(D)); 7 C.F.R. §245.6a. In general, local educational agencies must review the smaller of 3,000 of all applications or 3% of error-prone applications. If the local educational agency has a nonresponse rate below 20% or has more than 20,000 children approved by application for F/RP meals and a recently improved response rate, they may use alternative sampling approaches.

[57] USDA, FNS, "Eligibility Manual for School Meals," July 2017, pp. 99-100, https://fns-prod.azureedge.net/sites/default/files/cn/SP36_CACFP15_SFSP11-2017a1.pdf.

[58] J. Leftin, C. Baxter, K. Niland et al., *Study of Nonresponse to the School Meals Application Verification Process*, prepared by Mathematica for USDA, FNS, Office of Policy Support, July 2021, p. 26,

had no change in benefits, 3% had their benefits increased (from reduced-price to free), 16% had their benefits decreased (from free to reduced-price), and 21% had their benefits terminated.[59]

Error can occur if a family provides misinformation on the household application. It can also occur if the school district official reviewing the application miscalculates eligibility based on the household income provided. USDA's Office of Inspector General found an improper payment rate (including overpayments and underpayments) of 9.1% in NSLP and 10.3% in SBP in FY2020.[60] Other USDA research has found that approximately 71% of improper payments in NSLP were overpayments and 29% were underpayments (the comparative percentages for SBP were 77% and 23% respectively).[61] In 2019, the U.S. Government Accountability Office recommended that FNS improve its detection of intentional error (fraud).[62]

Trends in Program Participation and Costs

Current program participation rates and costs provide a baseline for considering future changes to eligibility rules. This section presents a snapshot of free, reduced-price, and paid school meal participation and cost trends to contextualize the policy options presented in the next section of this report.

Prior to the COVID-19 pandemic, USDA estimated that between 29 million and 30 million children participated in NSLP on a typical school day in recent years.[63] Breakfast participation was comparatively lower, at roughly 14 million children in recent years.[64] With the advent of the pandemic and closure of schools, there was a decline in participation across programs and eligibility categories, with total lunch participation dropping by 7.1 million children and breakfast participation dropping by 2.5 million children in FY2020.

The proportion of children receiving free meals has generally increased over the past three decades while the percentage of children receiving reduced-price and paid school meals has decreased since 2007 in NSLP and stayed relatively constant in SBP. **Figure 3** and **Figure 4** show the estimated number of NSLP and SBP participants, respectively, by reimbursement category from 1976 to 2020.

http://www.fns.usda.gov/cn/study-nonresponse-school-meals-application-verification-process.

[59] Ibid, p. 27.

[60] USDA, Office of Inspector General, USDA's Fiscal Year 2020 Compliance with Improper Payment Requirements, Audit Report 50024-0001-24, June 2021, https://www.usda.gov/sites/default/files/audit-reports/50024_0001_24_FR_FOIA.pdf.

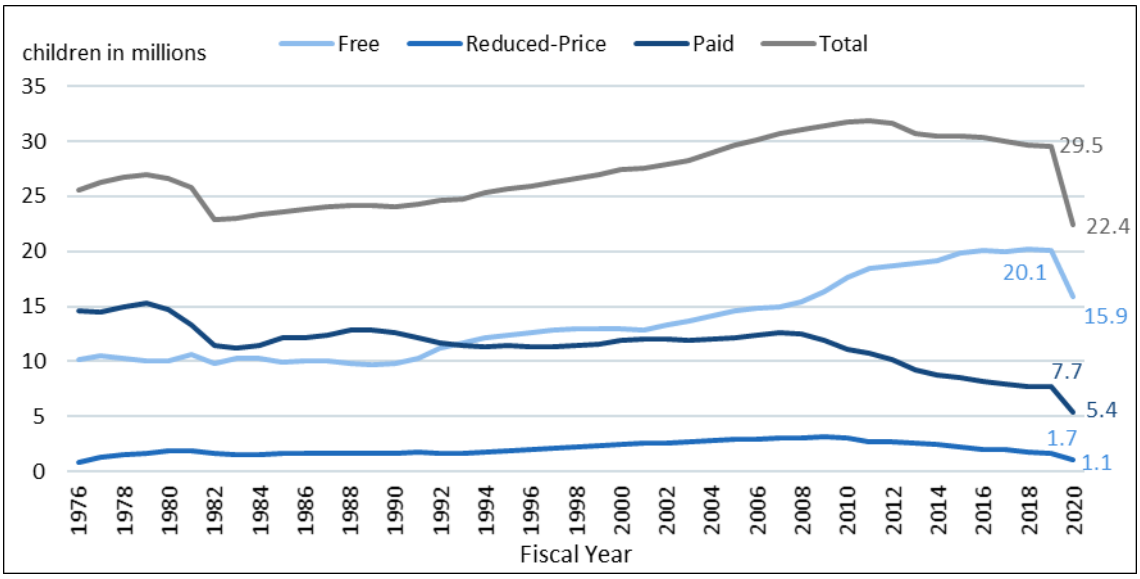
[61] USDA, FNS, Office of Policy Support, *Research Summary: Third Access, Participation, Eligibility, And Certification Study (APEC-III), School Year 2017-18*, September 2021, https://www.fns.usda.gov/cn/third-access-participation-eligibility-and-certification-study-apec-iii-school-year-2017.

[62] U.S. Government Accountability Office (GAO), *USDA Has Reported Taking Some Steps to Reduce Improper Payments but Should Comprehensively Assess Fraud Risks*, GAO-19-389, May 21, 2019, https://www.gao.gov/products/gao-19-389.

[63] USDA, FNS, "Child Nutrition Tables: National Level Annual Summary Tables: FY 1969-2020," July 2, 2021, https://www.fns.usda.gov/pd/child-nutrition-tables. USDA estimates the average daily number of school meal participants by dividing the total number of meals served by the average number of operating days in the school year (and adjusting for the number of students absent on a typical day). FY2020 data are preliminary and may be subject to more error than a typical year due to substantial variation across schools in the number of operating days during the COVID-19 pandemic.

[64] Participation in SBP tends to be lower for several reasons, including the traditionally required early arrival by students in order to receive a meal before school starts.

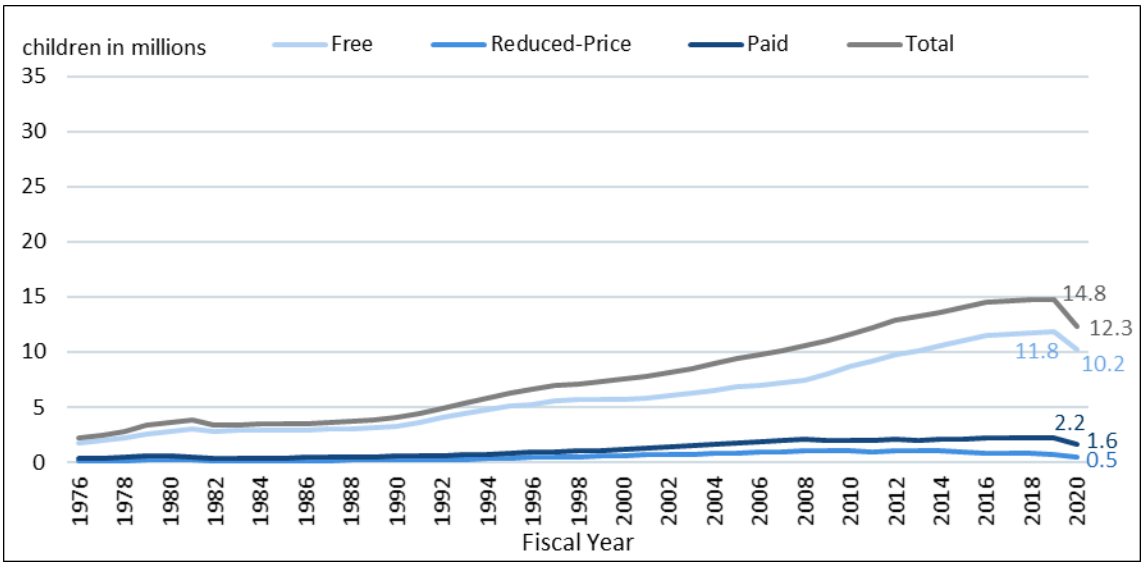
Figure 3. Estimated Number of Participants in the National School Lunch Program (NSLP) by Reimbursement Category, 1976-2020



Source: CRS, based on data from USDA, FNS, "Child Nutrition Tables: National Level Annual Summary Tables: FY 1969-2020," July 2, 2021, https://www.fns.usda.gov/pd/child-nutrition-tables.

Notes: USDA estimates the average daily number of school meal participants by dividing the total number of meals served by the average number of operating days in the school year (and adjusting for the number of students absent on a typical day). FY2020 data are preliminary and may be subject to more error than a typical year due to substantial variation across schools in the number of operating days during the COVID-19 pandemic.

Figure 4. Estimated Number of Participants in the School Breakfast Program (SBP) by Reimbursement Category, 1976-2020



Source: CRS), based on data from USDA, FNS, "Child Nutrition Tables: National Level Annual Summary Tables: FY 1969-2020," July 2, 2021, https://www.fns.usda.gov/pd/child-nutrition-tables.

Notes: USDA estimates the average daily number of school meal participants by dividing the total number of meals served by the average number of operating days in the school year (and adjusting for the number of students absent on a typical day). FY2020 data are preliminary and may be subject to more error than a typical year due to substantial variation across schools in the number of operating days during the COVID-19 pandemic.

In FY2020, children in the free category made up 71% of school lunch and 83% of school breakfast participants (this may be an underestimate of the proportion of students receiving free meals because students in CEP schools are counted in the free *and* paid meal rate categories because of the way reimbursement works in CEP schools, even though all students in such schools receive free meals). Reduced-price participants made up 5% of school lunch and 4% of breakfast recipients. The remaining 24% of school lunch participants and 13% of breakfast participants purchased meals at the full price.

The increase in free lunch and breakfast participation and decline in reduced-price and paid lunch participation may be related to a variety of factors, including economic and policy changes. For example, free school meal participation rose during the Great Recession as more children met the household income requirements for free meals. Subsequently, the HHFKA made changes to school meal policy that facilitated the expansion of free meals, such as the authorization of CEP and a demonstration project to automatically certify children for free meals through Medicaid in certain states. The HHFKA also included provisions that required USDA to update the nutrition standards for school meals and required some schools to increase the price of paid meals, which could have contributed to the decline in students purchasing lunches.[65]

Figure 5 displays the household poverty level of children participating in school meals based on an analysis of Survey of Income and Program Participation (SIPP) data.[66] Most children in poverty received free lunch and/or breakfast provided by their school in 2017. Specifically, approximately three-quarters of children experiencing poverty (at or below 100% of poverty) and approximately two-thirds of children with family incomes between 100% and 199% of poverty were reported as usually getting free school lunch or breakfast. (These estimates are based on household income as a percentage of the Official Poverty Measure, a different concept from the federal poverty guidelines used in the school meals programs.[67] For annual household income according to the poverty *guidelines,* see **Table 4**). Smaller percentages of low-income children were reported as getting reduced or full-price school lunch or breakfast, and approximately one-fifth of low-income school-age children did not participate in school-provided meals.

The percentage of school-age children receiving F/RP school meals declined as family income rose, though a sizable percentage of moderate and higher-income children still received these meals (for example, one-third of children with a family income between 300% and 399% of poverty received a F/RP school meal). Likewise, the percentage of school-age children paying full price for school meals increased with family income. Non-participation was also more

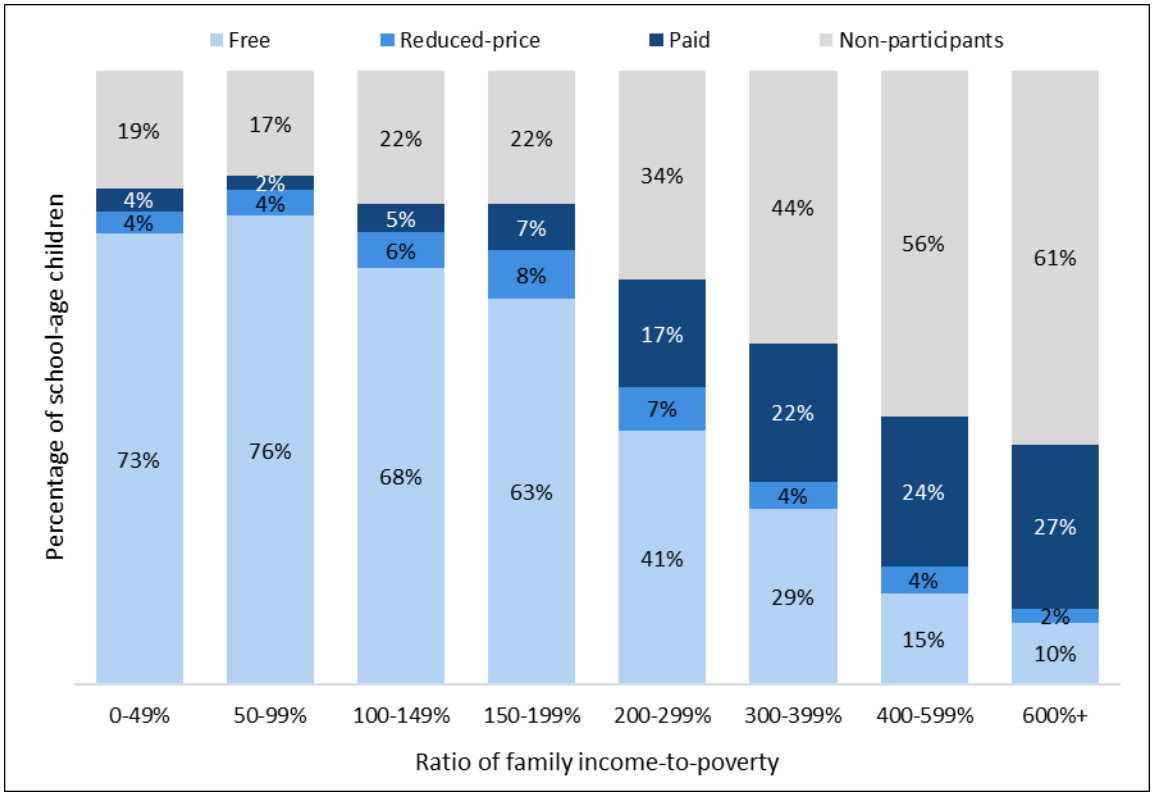
[65] K. Ralston and C. Newman, "School Meals in Transition," EIB-143, USDA, Economic Research Service, August 2015, https://www.ers.usda.gov/webdocs/publications/44003/53570_eib143.pdf.

[66] The SIPP is a nationally representative, household-based panel survey conducted by the U.S. Census Bureau. The SIPP asks households about child receipt of school lunch and breakfast separately; this analysis combines those measures. For more information on the survey, see U.S. Census Bureau, "Survey of Income and Program Participation (SIPP)," https://www.census.gov/programs-surveys/sipp.html. School meals program administrative data do not report detailed demographic characteristics, so survey data are an important complement for understanding the scope of these programs. However, survey-based estimates of the total number of children participating in school meals programs may diverge from the results available from administrative data for a variety of reasons. For example, in this context, the SIPP is a household survey (subject to sampling error, does not cover homeless children, etc.), conducted at a certain point in time (when school meals participation may vary from month-to-month), primarily relies on the information reported by survey participants (responses that could be inaccurate), does not attempt to determine whether a child's school meals and their cost are attributable to the federal school meals programs versus other sources (e.g., state, local, or private subsidies), and its measure of income-to-poverty differs from that used to administer the income eligibility rules of the federal school meals programs. In addition, though the SIPP collects particularly detailed information on income and participation in government programs and often performs better in these areas than other household surveys, it still typically misses some income and participation in government programs.

[67] For a discussion of these two measures, see CRS Report R44780, *An Introduction to Poverty Measurement*.

common as family income increased. As discussed in this report, children in families above the income eligibility thresholds for F/RP school meals (at or below 130% and 130-185% of poverty, respectively) may receive free meals because they qualify under a categorical eligibility pathway or attend a CEP, Provision 2, or Provision 3 school. Some children might also qualify due to an error on the household application or in processing the application (discussed in the "Verifying the Accuracy of Eligibility Determinations" section).

Figure 5. Estimated Household Poverty Status of Free, Reduced-Price, and Paid School Meal Participants, 2017



Source: CRS analysis of data from the 2018 Survey of Income and Program Participation (SIPP).

Notes: *School-age* is defined as children ages 5-18 who have not attained a high school diploma or its equivalent. The SIPP asks households about child receipt of school lunch and breakfast separately; this chart includes children who reported receiving both lunch and/or breakfast. Program participation and income data were reported for the previous calendar year (2017) and are subject to misreporting (typically, underreporting of benefit use). This analysis uses the Official Poverty Measure thresholds as determined by the U.S. Census Bureau, which differ from the poverty guidelines published by the U.S. Department of Health and Human Services and used in the school meals programs. The presented values are estimates with a margin of error.

Prior to the COVID-19 pandemic, school meal program costs increased over the past three decades in both inflation-adjusted (shown in **Figure 6**) and nominal terms.[68] Because the law guarantees reimbursement for every meal served in compliance with program requirements, school meal costs are directly tied to participation in the programs.[69] Thus, as free meal

[68] For nominal costs over time, see USDA, FNS, "Child Nutrition Tables: National Level Annual Summary Tables: FY 1969-2020," July 2, 2021, https://www.fns.usda.gov/pd/child-nutrition-tables.

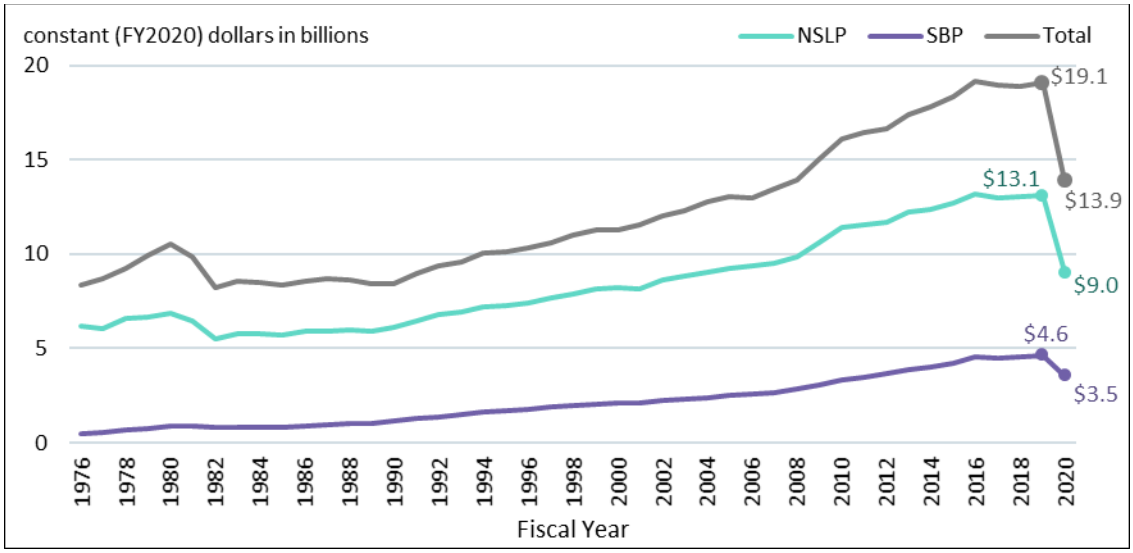
[69] For further background, see CRS Report R46234, *School Meals and Other Child Nutrition Programs: Background and Funding*.

participation has risen, so have costs. Costs have also increased due to a required annual adjustment of the per-meal reimbursement rates for food price inflation.[70]

Under current law, the Congressional Budget Office predicts that federal spending on the school meal programs will continue to increase over the next decade, with annual expenditures of nearly $30 billion in 2031 as a result of food price inflation, among other factors.[71]

Figure 6. Federal Cost of the School Meals Programs, 1976-2020

Inflation-Adjusted Spending on the National School Lunch Program (NSLP) and School Breakfast Program (SBP)



Source: CRS, based on data from USDA, FNS, "Child Nutrition Tables: National Level Annual Summary Tables: FY 1969-2020," July 2, 2021, https://www.fns.usda.gov/pd/child-nutrition-tables.

Notes: Amounts are in FY2020 dollars, adjusted for GDP inflation by CRS using Office of Management and Budget (OMB), "Historical Tables: Table 10.1—Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2026," April 2021. Total includes spending on federally purchased commodities for school meals (not included under NSLP or SBP).

Policy Options and Considerations

This section presents different approaches to amending eligibility rules for F/RP school meals, should Congress consider policies to expand or restrict such rules. It also discusses considerations for each approach, including the potential impacts on beneficiaries, program administrators, and the federal government. These could include impacts on costs, benefits to participants and schools, administrative burdens, state and local discretion, program integrity, equity, and availability of data used in other programs. This report does not estimate costs associated with different proposals, but presents Congressional Budget Office estimates where available.

[70] Section 11(a)(3) of the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. §1759a(a)(3)).

[71] Congressional Budget Office (CBO), "Baseline Projections: Child Nutrition Programs," July 2021, https://www.cbo.gov/system/files/2021-07/51293-2021-07-childnutrition.pdf.

Changes to Income Eligibility Rules

As discussed in the "Changes to School Meals Eligibility Rules over Time" section, the income eligibility thresholds for F/RP school meals were altered in the 1970s and 1980s and have remained the same since (less than or equal to 130% of the federal poverty guidelines for free meals and greater than 130% but less than or equal to 185% for reduced-price meals).

Congress may consider, and has considered in the past, raising or lowering the poverty thresholds that convey eligibility for free and/or reduced-price schools meals (specified in Section 9(b)(1) of the Richard B. Russell National School Lunch Act). The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265), for example, authorized a pilot program in Section 18(k) of the Richard B. Russell National School Lunch Act to test raising the income eligibility threshold for *free* meals to 185% of the federal poverty guidelines in five states. During hearings accompanying the legislation, Members of Congress advocating for the demonstration argued that extending free meals to 185% of the poverty guidelines would help families who could not afford the reduced-price meal fees and reduce error in eligibility determinations.[72] This pilot has not been funded or implemented.

Other proposals in previous Congresses to change the income eligibility thresholds did not become law.[73] To illustrate current and alternative eligibility thresholds, **Table 4** shows annual household income at these and other percentages of the poverty guidelines in 2021 as determined by the U.S. Department of Health and Human Services.

As noted in the "Benefit Amounts and Funding Sources" section, some states have already expanded free meals to children in households up to 185% of the federal poverty guidelines by providing state funding to cover reduced-price fees. Instead of changing the national threshold, policymakers interested in expanding income eligibility for free meals could alternatively consider encouraging these efforts by providing additional funding or per-meal reimbursements to states that implement such changes. This option would allow for more state discretion as compared to changing the national standards.

Table 4. Annual Income as a Percentage of Poverty Guidelines for the 48 Contiguous States and the District of Columbia: 2021

Household Size	130%	185%	200%	225%	250%	275%	300%
1	$16,744	$23,828	$25,760	$28,980	$32,200	$35,420	$38,640
2	$22,646	$32,227	$34,840	$39,195	$43,550	$47,905	$52,260
3	$28,548	$40,626	$43,920	$49,410	$54,900	$60,390	$65,880
4	$34,450	$49,025	$53,000	$59,625	$66,250	$72,875	$79,500
5	$40,352	$57,424	$62,080	$69,840	$77,600	$85,360	$93,120
6	$46,254	$65,823	$71,160	$80,055	$88,950	$97,845	$106,740

[72] Senate Committee on Agriculture, Nutrition, and Forestry, "Review the Federal Government's Initiatives Regarding the School Lunch and Breakfast Programs," S. Hrg. 108-78, 108th Congress, March 4, 2003; and House Committee on Education and the Workforce, "Food for Thought: How To Improve Child Nutrition Programs," Serial No. 108-27, 108th Congress, July 16, 2003.

[73] For example, H.R. 4566 in the 103rd Congress proposed to eliminate the reduced-price meal category and retain free-meal income eligibility up to 130% of the poverty guidelines, and H.R. 5308 in the 116th Congress proposed to increase the income eligibility threshold for free meals to 200% of the poverty guidelines and eliminate the reduced-price category.

Household Size	130%	185%	200%	225%	250%	275%	300%
For each additional person, add	*$5,902*	*$8,399*	*$9,080*	*$10,215*	*$11,350*	*$12,485*	*$13,620*

Source: CRS, based on U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, "Poverty Guidelines," January 15, 2021, https://aspe.hhs.gov/poverty-guidelines.

Notes: Table does not show guidelines for Alaska and Hawaii.

Changing the income eligibility rules would change the number of children who qualify for F/RP school meals. Because federal costs in the school meals programs correlate with the number of participants, costs would be expected to increase if the eligibility rules were expanded and decrease if they were restricted. In 2015, the Congressional Budget Office estimated the cost of providing free meals to income-eligible children up to 185% of poverty (eliminating the reduced-price category), projecting an increased federal cost of $5.8 billion over 10 years.[74] In contrast, the Congressional Budget Office anticipated that schools would likely benefit financially from these expanded income eligibility rules, as the increase in federal free-meal reimbursements would outweigh the loss of payments for reduced-price meals. There would also likely be a relatively small reduction in school districts' administrative costs as a result of not having to process reduced-price meal payments.[75] Eliminating the reduced-price meal category may reduce program error by simplifying income eligibility rules, or it may increase program error if more children are certified through household applications, which are subject to errors (as discussed previously in the "Verifying the Accuracy of Eligibility Determinations" section). For children and families, changes to the income eligibility rules in either direction would impact the cost of meals. Their administrative burden would remain the same if household income applications were still required.

Changes to Categorical Eligibility Rules and Direct Certification

As discussed previously, under current law most programs and categories that convey categorical (automatic) eligibility for free school meals also allow certification via household application *or* direct certification. Direct certification is more common, with approximately 94% of categorically eligible children being directly certified as of the 2019-2020 school year.[76] The direct certification demonstration with Medicaid is the one exception: in certain states operating the demonstration, children in Medicaid households are *not* categorically eligible for free school meals; instead, they are directly certified for F/RP meals based on their household income as measured by Medicaid. Because state agencies perform this calculation, there is no mechanism by which children can become certified through Medicaid on a household application.

Legislative proposals to employ other programs or criteria in determining eligibility for F/RP school meals often take one of two approaches:

Adding another program or definition that conveys categorical (automatic) eligibility for free meals, and authorizes direct certification of children in the category: Under this approach, children would be automatically eligible for free school

[74] Congressional Budget Office (CBO), *Child Nutrition Programs: Spending and Policy Options*, September 2015, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50737-childnutritiononecolumn.pdf.

[75] Ibid, pp. 26-27.

[76] CRS calculations based on FNS-742 administrative data provided by USDA, FNS on June 1, 2021.

meals without an income test and without any action by the household (however, families may deny benefits).[77] Proposals may specify whether direct certification will be required (as is the case with SNAP) or optional (as is the case with the other programs/categories that convey categorical eligibility for free meals) for state agencies and/or school districts.

Directly certifying children through another federal program with an income test: Under this approach, income data from another program would be used to identify children who meet the poverty thresholds for F/RP meals without action by the household (e.g., direct certification through Medicaid in demonstration states).[78] Such proposals might specify whether direct certification will be used to certify children for just free meals or for F/RP meals.

Depending on which programs and criteria are used to convey categorical eligibility for free school meals, some children in middle- to higher-income households could end up receiving benefits. At the same time, broader eligibility could reduce stigmas for low-income children. Certifying more children via direct certification rather than household applications shifts the administrative burden from households to state agencies, whereas school districts are involved in both processes.

In terms of the administrative effort for state agencies, a USDA evaluation of the direct certification with Medicaid demonstration published in 2020 found that new responsibilities included setting up data sharing agreements across state agencies, identifying data sources that contained sufficient information to determine eligibility (household size, income, and child-level information), and setting up automated searches and matches while minimizing error.[79] According to the evaluation, state administrative costs were "modest" during start-up and declined over time.[80]

A 2016 report by USDA explored the use of different federal programs to directly certify students for F/RP school meals and found significant administrative barriers, including inadequate household income and child-level data. Some programs also had data privacy protections in place, including state laws that would conflict with the data sharing. In addition, the report found that available data might be outdated by the time they would be used for school meal certification at the start of the school year. However, the report concluded that the Low Income Home Energy Assistance Program (LIHEAP) (administered by the U.S. Department of Health and Human Services) and the Public Housing and Housing Choice Voucher Programs (administered by the U.S. Department of Housing and Urban Development) might be feasible for use in direct certification for F/RP school meals.[81]

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[77] This may be accomplished by amending Section 9(b)(12) of the Richard B. Russell National School Lunch Act. For an example of this approach, see S. 2760 (116th Congress).

[78] For an example of this approach, see H.R. 8534 (116th Congress).

[79] USDA, FNS, Direct Certification with Medicaid for Free and Reduced-Price Meals (DCM-F/RP) Demonstration, Year 2, Mathematica Policy Research, September 2020, pp. 69-75, https://fns-prod.azureedge.net/sites/default/files/resource-files/Evaluation-DCM_Year2.pdf.

[80] USDA, FNS, Direct Certification with Medicaid for Free and Reduced-Price Meals (DCM-F/RP) Demonstration, Year 2, Mathematica Policy Research (Summary) September 2020, https://fns-prod.azureedge.net/sites/default/files/resource-files/Evaluation-DCM_Year2-Summary.pdf.

[81] USDA, FNS, Office of Policy Support, *Examining the Potential to Expand Data Matching in the School Meal Program Eligibility and Verification Processes*, prepared by 2M Research Services, LLC, October 2016, https://fns-prod.azureedge.net/sites/default/files/ops/DataMatching.pdf. For more information about LIHEAP and these housing programs, see CRS Report RL31865, *LIHEAP: Program and Funding*; CRS Report R41654, *Introduction to Public*

Proposals to add categorical eligibility criteria and/or direct certification avenues may also have diminishing returns. Policymakers may want to weigh the administrative cost of eligibility determinations with another program against the estimated number of children that would become *newly* certified through the pathway (children may already be receiving meal benefits through another avenue). For example, USDA's 2020 evaluation found that direct certification through Medicaid resulted in a 2.3 to 2.4 percentage point increase in the number of children newly certified for free school meals (and the effect differed by state).[82] However, higher proportions of children were shifted from household applications to direct certification through Medicaid, reducing paperwork for families.

Proposals to expand categorical eligibility and/or direct certification also tie children's eligibility for F/RP school meals to changes in eligibility rules in the linked programs. For example, USDA estimated that proposed changes to SNAP eligibility by the Trump Administration in July 2019 would have resulted in approximately 982,000 children no longer being directly certified for free school meals. The Administration estimated that most (96%) of these children would still likely qualify for F/RP meals via a household application, while 4% would lose access to benefits.[83]

There is also some evidence that direct certification reduces errors and fraud as compared to the household application process. According to USDA's most recent Access, Participation, Eligibility, and Certification Study, based on school year 2017-2018 data, 91% of children directly certified for free meals were accurately certified for the correct level of benefits, compared to 74% of children certified for free meals through a household application.[84]

Changes to CEP, Provision 2, or Provision 3 or Providing Universal Free School Meals

As discussed previously, CEP schools make up an increasing proportion of NSLP schools—roughly 33% in school year 2019-2020. Provision 2 and Provision 3 are less utilized—by about 3% of NSLP schools.[85] Policymakers may want either to expand or scale back policies that provide federal funding for schools to serve free meals to all children, regardless of income. Common arguments for expansion include benefits to children and reductions in administrative effort, and arguments for restricting participation include the cost to the federal government and targeting government resources to the children with the greatest need.

This section presents potential policy options for expanding or restricting current law options (CEP, Provision 2, and Provision 3) that allow some schools to receive alternative reimbursement

Housing; and CRS Report RL32284, *An Overview of the Section 8 Housing Programs: Housing Choice Vouchers and Project-Based Rental Assistance*.

[82] USDA, FNS, Direct Certification with Medicaid for Free and Reduced-Price Meals (DCM-F/RP) Demonstration, Year 2, Mathematica Policy Research, September 2020, p. 22, https://fns-prod.azureedge.net/sites/default/files/resource-files/Evaluation-DCM_Year2.pdf.

[83] USDA, FNS, "Proposed Rule: Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (RIN 0584-AE62) – Potential impacts on Participants in the National School Lunch Program and School Breakfast Program," Informational Analysis, FNS-2018-0037-16046, October 15, 2019, https://www.regulations.gov/document?D=FNS-2018-0037-16046.

[84] USDA, FNS, Office of Policy Support, *Third Access, Participation, Eligibility, And Certification Study (APEC-III), School Year 2017-18*, September 2021, p. 3-8, https://www.fns.usda.gov/cn/third-access-participation-eligibility-and-certification-study-apec-iii-school-year-2017.

[85] CRS calculations based on FNS-742 administrative data provided by USDA, FNS on June 1, 2021.

formulas for providing free meals to all children. It also presents considerations for proposed universal free school meals policies.

Expanding or Restricting Access to CEP, Provision 2, and Provision 3

Proposals to expand or restrict universal free meals often focus on CEP, as it is the most utilized option by schools to provide free meals to all students. There are two main approaches to changing how many schools participate in CEP: (1) changing the current institutional eligibility threshold (at least 40% ISP) for CEP, and (2) changing the current multiplier (1.6) used in the reimbursement formula (discussed previously in the "Community Eligibility Provision (CEP)" section).[86] For example, a child nutrition reauthorization bill reported by the House Education and Workforce Committee in the 114th Congress would have raised the ISP from 40% to 60%, thereby restricting eligibility for CEP.[87] Other bills have attempted to increase the reimbursement multiplier as a way to expand participation in and benefits under CEP.[88] Both the Biden Administration's American Families Plan and its FY2022 budget proposal would lower the ISP to 25% for elementary schools and increase the reimbursement multiplier to 1.9 for middle and high schools and to 2.5 for elementary schools.[89]

For proposals focused on expansion, CEP may have some limitations. The eligibility threshold for CEP—the ISP—relies on the percentage of students certified for free meals through SNAP and the other avenues, as discussed in the "Direct Certification" section (this excludes students directly certified for *reduced-price* meals through Medicaid in the applicable states). Therefore, whether schools are eligible for CEP depends both on (1) participation rates of households in other programs and (2) the strength of states' and school districts' direct certification efforts:

(1) The ISP largely depends on the number of students directly certified for free meals via SNAP (the most common and only required direct certification pathway), and SNAP is not a perfect proxy for poverty. For example, some households may be financially eligible for SNAP benefits but ineligible due to nonfinancial rules such as citizenship and crime related restrictions.[90] As one potential result, schools in areas with large noncitizen populations may be less likely to be eligible for CEP. In addition, the rate at which eligible households are enrolled in SNAP also varies by state.[91] TANF, another direct certification pathway, also has citizenship rules, and program rules and participation vary

[86] Section 11(a)(1)(F)(vii)-(viii) of the Richard B. Russell National School Lunch Act (42 U.S.C. §1759a(a)(1)(F)(vii)-(viii)) currently provides USDA with the discretion to change the institutional eligibility threshold and to set the multiplier between 1.3 and 1.6.

[87] H.R. 5003 (114th Congress).

[88] For example, see H.R. 5308 (116th Congress) and S. 2752 (116th Congress).

[89] USDA, Office of Budget and Program Analysis, "2022 USDA Explanatory Notes – Food and Nutrition Service," May 2021, p. 34-25, https://www.usda.gov/sites/default/files/documents/34FNS2022Notes.pdf; and White House, "Fact Sheet: The American Families Plan," April 28, 2021, https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan.

[90] For more information, see CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*; CRS Report RL33809, *Noncitizen Eligibility for Federal Public Assistance: Policy Overview*; and CRS Report R42394, *Drug Testing and Crime-Related Restrictions in TANF, SNAP, and Housing Assistance*.

[91] See, for example, K. Cunnyngham, *Reaching Those in Needs: Estimates of State Supplemental Nutrition Assistance Program Participation Rates in 2016*, prepared by Mathematica Policy Research for USDA, FNS, March 2019, https://www.fns.usda.gov/snap/reaching-those-need-estimates-state-supplemental-nutrition-assistance-program-participation-rates-fy.

substantially by state.[92] Institutional eligibility for CEP is also subject to fluctuations in eligibility and participation in such programs.[93]

(2) Also limiting the ISP's effectiveness as a proxy for poverty are differences among districts and states in their direct certification systems. Direct certification with SNAP has improved over time, and the majority of states are now meeting the legislatively required direct certification rate of at least 95% of school-aged children in SNAP households. However, as of school year 2018-2019, USDA reported that 12 states were not meeting this threshold.[94] States and school districts may also differ in the extent to which they directly certify children through the optional pathways (TANF or Medicaid [in certain states] and status as a homeless, foster, or migrant child).

As a result, there may be some schools that do not qualify for CEP but still have high proportions of students in poverty. Proposals to expand CEP may be subject to this limitation.

To avoid some of the limitations of CEP, policymakers interested in expanding free meals in high-poverty schools could also consider expanding Provision 2 or Provision 3, which make eligibility determinations in a base year to determine reimbursements in subsequent years. However, this approach includes household applications, which would remove one of the purported benefits of CEP, though it requires them less often (once every four to five years, or longer if an extension is granted).[95] USDA's evaluation of CEP found that school districts previously operating Provision 2 or Provision 3 found CEP appealing because of its elimination of household applications, particularly because "taking FRP meals applications is more difficult for Provision 2/3 schools because they do not conduct the process annually."[96]

Policymakers interested in restricting access to special options could increase the ISP in CEP. They could also eliminate or limit access to Provision 2 and Provision 3; for example, they could institute an eligibility threshold for these provisions. Changes to CEP would have a relatively greater impact, as more than 30,600 schools participated in CEP in the 2019-2020 school year, compared to the less than 3,900 schools participating in Provision 2 and Provision 3.[97]

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[92] E. Greenberg, "New Measures of Student Poverty," *Urban Institute*, November 2018, https://www.urban.org/research/publication/new-measures-student-poverty.

[93] For example, the Urban Institute (a nonprofit research organization) estimated that the Trump Administration's 2019 proposed changes to SNAP's broad-based categorical eligibility rules would result in at least 142,000 fewer students having access to CEP. K. Blagg, M. Rainer, and E. Waxman, *How Restricting Categorical Eligibility for SNAP Affects Access to Free School Meals*, October 2019, https://www.urban.org/sites/default/files/publication/101280/how_restricting_categorical_eligibility_for_snap_affects_access_to_free_school_meals.pdf.

[94] USDA, FNS, Direct Certification in the National School Lunch Program State Implementation Progress Report to Congress School Year 2017-2018 & School Year 2018-2019, June 2021, https://www.fns.usda.gov/cn/direct-certification-national-school-lunch-program-state-implementation-progress-report.

[95] For further detail, see CRS Report R46371, *Serving Free School Meals through the Community Eligibility Provision (CEP): Background and Participation*.

[96] USDA, FNS, *Community Eligibility Provision Evaluation*, February 2014, p. 58, https://www.fns.usda.gov/community-eligibility-provision-evaluation.

[97] The number of CEP schools is reported in FRAC, *Community Eligibility: The Key to Hunger-Free Schools: School Year 2019–2020*, May 2020, https://frac.org/wp-content/uploads/CEP-Report-2020.pdf. The number of Provision 2 and 3 schools is based on CRS calculations of FNS-742 administrative data provided by USDA, FNS on June 1, 2021.

Providing Universally Free School Meals

In recent years, there has been discussion over whether school meals should be provided for free to all students. These debates have stemmed from legislative proposals, the rise in schools providing universally free meals through CEP, the expansion of free meals during the COVID-19 pandemic, and advocacy efforts from private-sector organizations, among other factors.[98] Universally free school meals is not necessarily a new idea; as early as the 1970s, there were federal proposals to provide free lunches to all students through NSLP.[99]

There are different potential approaches to providing universally free meals through the school meals programs. One pertains to funding: the policy could provide the same reimbursement rate for each breakfast and lunch served, respectively, or adjust rates based on different criteria (e.g., current law provides bonus reimbursements for compliance with federal nutrition standards and schools with high F/RP rates).[100] One proposal in the 117th Congress[101] (also introduced in the 116th Congress[102]) would provide a single rate for each lunch of $3.81 (which is higher than the current free rate), and a single rate for each breakfast of $2.72 (which is higher than the current free rate), adjusted annually for inflation. It would also provide a bonus reimbursement for schools that had made at least 25% of meals in the prior school year with local farm products. Another proposal in the 116th Congress was aimed at providing universally free meals during school year 2020-2021; it would have provided the current law free rate for meals (and retained the adjustments for compliance with nutrition standards and high F/RP schools in current law).[103]

In addition, proposals may require states and school districts to provide free meals to all students, or they may allow them to opt-in. If optional, they could require matching funds from states that

[98] For example, see H.R. 3115/S. 1530 (117th Congress) and H.R. 4684/S. 2609 (116th Congress). For a summary of current debates over federally funded universal free meals, see, for example, Nick Roll, "Should school lunches be free for all? A pandemic experiment.," *Christian Science Monitor,* April 7, 2021, https://www.csmonitor.com/USA/Education/2021/0407/Should-school-lunches-be-free-for-all-A-pandemic-experiment; and Meg Wilcox, "The People Behind School Meals Are Pushing for Free Access for All," *Civil Eats,* March 8, 2021, https://civileats.com/2021/03/08/the-people-behind-school-meals-are-pushing-for-free-access-for-all.

[99] Senator Hubert Humphrey introduced the Universal Child Nutrition and Nutrition Education Bill (S. 2593) on September 28, 1971, and reintroduced similar proposals in subsequent Congresses. There were also universal free meal proposals introduced by Representative George Miller in the 1990s, such as the Universal Student Nutrition Act of 1992 (H.R. 5490). In addition, the 1998 child nutrition reauthorization act (P.L. 105-336) authorized a demonstration project to test the effects of providing universally free breakfasts in elementary schools in up to six school districts. Congress subsequently appropriated $13 million for the demonstration and a study of the project (L.S. Bernstein, J.E. McLaughlin, M.K. Crepinsek, and L.M. Daft, "Evaluation of the School Breakfast Program Pilot Project: Final Report," Nutrition Assistance Program Report Series, No. CN-04-SBP, USDA, FNS, Office of Analysis, Nutrition, and Evaluation, 2004, https://files.eric.ed.gov/fulltext/ED486532.pdf).

[100] Section 4(b)(2) of the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. §1753(b)(2)) provides an additional reimbursement of 2 cents per lunch for schools with at least 60% of lunches served for free or at a reduced price, and Section 4(b)(3) provides an additional 6 cents (adjusted annually for inflation) for lunches compliant with updated nutrition standards. Section 4(b)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. §1773(b)(2)(A)) allows USDA to provide an additional reimbursement for *severe need* schools (schools with at least 40% of lunches served for free or at a reduced price). USDA provided an additional 37 cent reimbursement per breakfast served in severe need schools in school year 2020-2021; USDA, FNS, "National School Lunch, Special Milk, and School Breakfast Programs, National Average Payments/Maximum Reimbursement Rates," July 22, 2020, 85 *Federal Register* 44270).

[101] H.R. 3115/S. 1530 (117th Congress).

[102] H.R. 4684/S. 2609 (116th Congress).

[103] H.R. 7887 (116th Congress).

take up the option. Lawmakers may consider piloting a universal free-meals approach (similar to CEP) or making it immediately available to all states and school districts.

A universal school meals policy would have various implications, including the following:

Impacts on participants: Providing federal funding for universally free school meals would eliminate full-price and reduced-price copays for families. In addition, studies of CEP have shown that universal free-meal programs can increase children's participation in school meals and reduce stigmas among low-income children, particularly high school students (however, findings from CEP schools may not be generalizable to all schools).[104] There is limited research on the link between universal free meals and food insecurity, dietary quality, and academic performance.[105] One USDA study of a universal school breakfast pilot project in elementary schools in six school districts from school year 2000-2001 to school year 2002-2003 found mixed impacts on student outcomes.[106]

Changes in costs and administration: Federal costs would be higher if the federal free reimbursement rate were provided for all meals served through NSLP and SBP. Federal costs may also increase if universal free school meals led to increases in children's participation in school meals, as happened with CEP.[107]

For state agencies, there would likely be a reduction in costs associated with direct certification activities. For school food authorities, there would be a reduction in administrative costs associated with reviewing household applications, conducting direct certification, and processing meal claims. These rules and processes currently contribute to errors and fraud in the NSLP and SBP, and removing them may improve program integrity.[108] In addition, an analysis by USDA's Economic Research Service found that serving universally free school meals through CEP resulted in lower meal costs due to economies of scale among medium and large schools participating in the provision, but not among small schools.[109]

The average school food authority would likely see an increase in total revenue, if the free reimbursement rate were provided for all meals served. According to USDA's most recent report on school meal cost data, the average school food authority received $3.39 in revenue (from any source, so this includes household payments and both federal and state funding) per school lunch

[104] J.F.W. Cohen et al. "Universal school meals and associations with student participation, attendance, academic performance, diet quality, food security, and body mass index: A systematic review." *Nutrients* vol. 13, no. 3, 2021, p. 911; USDA, FNS, *Community Eligibility Provision Evaluation*, February 2014, p. 58, https://www.fns.usda.gov/community-eligibility-provision-evaluation; and J. Leos-Urbel et al. "Not just for poor kids: The impact of universal free school breakfast on meal participation and student outcomes." *Economics of Education Review*, vol., 36, 2013, pp. 88-107.

[105] M.W. Long, K. Marple, and T. Andreyeva, "Universal Free Meals Associated with Lower Meal Costs While Maintaining Nutritional Quality," *Nutrients* vol. 13, no. 2, p. 670, 2021, https://doi.org/10.3390/nu13020670.

[106] L.S. Bernstein, J.E. McLaughlin, M.K. Crepinsek, and L.M. Daft, "Evaluation of the School Breakfast Program Pilot Project: Final Report," Nutrition Assistance Program Report Series, No. CN-04-SBP, USDA, FNS, Office of Analysis, Nutrition, and Evaluation, 2004, https://files.eric.ed.gov/fulltext/ED486532.pdf.

[107] USDA, FNS, *Community Eligibility Provision Evaluation*, February 2014, p. 58, https://www.fns.usda.gov/community-eligibility-provision-evaluation.

[108] USDA, FNS, Office of Policy Support, *Third Access, Participation, Eligibility, And Certification Study (APEC-III), School Year 2017-18*, September 2021, https://www.fns.usda.gov/cn/third-access-participation-eligibility-and-certification-study-apec-iii-school-year-2017.

[109] M.W. Long, K. Marple, and T. Andreyeva, T. "Universal Free Meals Associated with Lower Meal Costs While Maintaining Nutritional Quality," *Nutrients* 13, no. 2: 670, 2021, https://doi.org/10.3390/nu13020670.

served in school year 2014-2015. Of that revenue, $0.88 was from student payments. Providing that year's free rate for all meals, assuming all other costs and revenue were the same, would have resulted in an average increase in federal revenue of $1.22 per meal.[110] This estimated revenue increase would appear to more than cancel out the loss of student payments; however, this might not be true for all schools, especially those charging higher-than-average prices for paid meals.

Differential school impacts: School meal reimbursements are currently structured to provide the most benefits to schools with high numbers of children approved for F/RP meals. Therefore, schools with higher-income students (that do not receive as many F/RP meal reimbursements) may benefit the most financially from a universal free school meals policy.

Schools with high concentrations of children eligible for F/RP meals may also lose bonus reimbursement funding they receive under current law under a universal free meals policy.[111] One barrier to retaining such funding is that F/RP eligibility data would likely be lost with a shift to universal free school meals (discussed in the next section).

Loss of F/RP School Meals Data Used in Other Programs

Proposals to expand universal school meals options like CEP or provide universally free school meals in all NSLP and SBP schools would result in a loss of up-to-date F/RP school meal eligibility data, which has implications for other federal and state programs and funding streams (including other child nutrition programs and activities).

The largest of the programs relying on F/RP eligibility data is the federal Title I-A program, under which many local educational agencies use the data (often the best indicator of school-level poverty) to allocate funds to high-poverty schools.[112] In response to the loss of this data in CEP schools and under COVID-19 response policies, the U.S. Department of Education and USDA have issued guidance on alternative data sources that may be used in Title I-A funding allocations.[113] One of those alternatives is the ISP data that CEP schools are still required to report annually. Other examples of federal programs that use F/RP data include other child nutrition programs, the Children's Health Insurance Program, Medicaid, the SNAP Nutrition Education

[110] CRS analysis of data presented in USDA, FNS, *School Nutrition and Meal Cost Study (SNMCS)*, Volume 3: Meal Costs and Revenues, April 23, 2019, p. 53, https://www.fns.usda.gov/school-nutrition-and-meal-cost-study.

[111] Section 4(b)(2) of the Richard B. Russell National School Lunch Act (codified at 42 U.S.C. §1753(b)(2)) provides an additional reimbursement of 2 cents per lunch for schools with at least 60% of lunches served at free or reduced-price, and Section 4(b)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. §1773(b)(2)(A)) allows USDA to provide an additional reimbursement for *severe need* schools (schools with at least 40% of lunches served at free or reduced-price). USDA provided an additional 37 cent reimbursement per breakfast served in severe need schools in school year 2020-2021 (USDA FNS, "National School Lunch, Special Milk, and School Breakfast Programs, National Average Payments/Maximum Reimbursement Rates," July 22, 2020, 85 *Federal Register* 44270).

[112] For more information, see CRS Report R46600, *ESEA: Title I-A Poverty Measures and Grants to Local Education Agencies and Schools*.

[113] U.S. Department of Education and USDA, "Community Eligibility Provision: Revised Department of Education Title I Guidance," April 27, 2015, https://www.fns.usda.gov/cn/updated-title-i-guidance-schools-electing-community-eligibility; and U.S. Department of Education and USDA, "Department of Education Guidance on Implementation of Child Nutrition Program Waivers," SP 07-2021, February 19, 2021, https://www.fns.usda.gov/cn/department-education-guidance-implementation-child-nutrition-program-waivers.

and Obesity Prevention Grant Program, and Workforce Innovation and Opportunity Act youth programs.[114] Several states also use F/RP data to allocate state education funds.[115]

Policymakers interested in providing universally free school meals may consider conforming amendments to programs that rely on F/RP eligibility data. However, there are currently limited alternatives for school-level poverty data (though the U.S. Department of Education is studying the creation of an alternative measure).[116] Lawmakers could consider retaining some form of F/RP school meals eligibility data collection, though the elimination of household applications is often one of the primary benefits cited by advocates for universally free school meals.[117] One approach, similar to how CEP works, would be to require only annual direct certification; however, some states and school districts have required CEP schools to retain household applications, indicating that such stakeholders may not find direct certification data to be sufficient for use in other programs.[118]

Conclusion

Eligibility rules for F/RP school meals have changed throughout the history of the school meals programs. Income eligibility standards have remained the same since the 1980s, whereas categorical (automatic) eligibility and direct certification of children for F/RP meals have expanded. In addition, approximately one-third of participating NSLP schools in 2019-2020 made use of CEP, a special program option that allows eligible schools to provide free meals to all students without eligibility determinations. Future congressional deliberations would inform whether the programs continue to expand free school meals to more children or retain a targeted focus on low-income students.

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[114] A list of potential programs affected by a loss of F/RP school meal data can be provided to congressional clients by CRS upon request.

[115] Urban Institute, "Measuring Student Poverty: Dishing Up Alternatives to Free and Reduced-Price Lunch," September 20, 2019, https://www.urban.org/features/measuring-student-poverty-dishing-alternatives-free-and-reduced-price-lunch.

[116] See U.S. Department of Education, Institute of Education Sciences, "Grants for Statewide, Longitudinal Data Systems: Request for Applications," June 19, 2019, https://ies.ed.gov/funding/pdf/2020_84372.pdf; and CRS Report R46600, *ESEA: Title I-A Poverty Measures and Grants to Local Education Agencies and Schools*.

[117] For example, see Janet Poppendieck, "Top 10 Reasons to Support Free Healthy School Meals for All," FRAC, April 8, 2021, https://frac.org/blog/top-10-reasons-to-support-free-healthy-school-meals-for-all.

[118] FRAC, "Alternative Approaches to Using School Meals Data in Community Eligibility (CEP) Schools," June 2017, https://frac.org/wp-content/uploads/cep-state-education-data-policies.pdf.

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