



Center *for* Public Policy Priorities

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HB 2578 - Relating to the school meals program

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The Center for Public Policy Priorities supports HB 2574.

Why encourage school districts to offer free meals to all students?

The link between adequate nutrition and improved academic performance creates a clear incentive for Texas to increase participation in the school breakfast and lunch programs, particularly among low-income children. For example:

- Research correlates poor academic achievement with low family income. In Texas, school districts with higher percentages of low-income children are more likely to have lower rankings in the state's accountability system.
- Research shows that good nutrition is critical to classroom success. For example, missing breakfast can impair learning and lead to emotional and behavioral problems, while eating breakfast leads to higher standardized test scores, better grades in math and reading, and fewer discipline problems.
- Many low-income children are unable to concentrate at school because their families do not have the resources to always provide them with adequate nutrition.

Offering "universal" free meals to all students regardless of family income has many benefits:

- It increases student participation in school meals.
- Children who eat school meals have more nutritious diets than children who don't, regardless of income level.
- Providing school meals at no charge promotes the value of good nutrition to all students.
- Better nutrition in children leads to better academic performance, behavior and learning environments.

Provision 2: How can schools serve all kids for free and not lose money?

Provision 2 is an option in the federal School Breakfast Program and National School Lunch Program for schools to reduce the paperwork and simplify the logistics of operating school meals programs. Schools that opt for Provision 2 serve meals to all students at no charge. Provision 2 schools pay the difference between the cost of serving meals at no charge to all students and the federal reimbursement. The significant administrative savings possible under Provision 2 help offset the cost differential.

Provision 2 schools do **not** have to:

- Collect and process school meals applications,
- Keep track of meal categories, or
- Conduct verifications for at least three out of every four years.

Schools with high percentages of students eligible for free or reduced price school meals are the most likely to succeed with Provision 2. In general, school districts that are implementing Provision 2 have determined that they can operate Provision 2 without losing money in schools with as few as 60 to 75 percent of students eligible for free or reduced price school meals. However, any school that participates in the National School Lunch Program or the School Breakfast Program may opt for Provision 2. Even schools with predominantly higher-income students may decide to opt for Provision 2 in order to improve the diets and academic performance of their students.

Direct Certification and Direct Verification

Combined, these two provisions can help increase the number of eligible children receiving free meals, while decreasing the number of kids who are not eligible. The child nutrition law enacted by Congress in 2002 carefully crafted these provisions to:

- Address concerns that a large number of children were eating meals for free even though their family income was above the eligibility limit; and
- Ensure new verification requirements designed to improve program integrity did not have the unintended result of reducing participation among eligible children.

As such, these provisions strike a good balance between access and program integrity—arguably the most difficult goal for means-tested programs to achieve. They also decrease the administrative burden on school districts by reducing the paperwork involved in enrolling children who are not directly certified. Finally, these provisions decrease the burden on families of filling out applications and providing verification of their income.

Eligibility for “Free” or “Reduced Price” School Breakfast

Under federal regulations, children from families below 130 percent of FPL eat meals for free, while those between 130 and 185 percent of FPL pay a reduced-price. Children from higher-income families pay the full cost.

The following income eligibility guidelines are effective July 1, 2005 through June 30, 2006.

Household size	Reduced Price Meals - 185%		Free Meals - 130%	
	Annual	Monthly	Annual	Monthly
1	17,705	1,476	12,441	1,037
2	23,736	1,978	16,679	1,390
3	29,767	2,481	20,917	1,744
4	35,798	2,984	25,155	2,097
5	41,829	3,486	29,393	2,450
For each add'l family member add	+6,031	+503	+4,238	+354

USDA reimburses states the full cost of meals served to children in the “free” category, with a lesser reimbursement for the two higher income categories.

The following reimbursement rates for are effective July 1, 2004 through June 30, 2005.

	Lunch	Breakfast
Paid	\$2.24	\$1.23
Reduced Price	\$1.84	\$.93
Free	\$.21	\$.23

