

Federal Policy Changes and Their Impacts on Education

Housekeeping

- This event is being recorded, and the recording will be posted online afterward.
- Speaker biographies, slides, and related materials are available online.
- All participants are muted, but you can type your questions or comments into the Q&A box at any time.

Schools and States as Stabilizers in a Shifting Policy Landscape

Schools are stabilizing forces in our communities.

- Every year, schools open, teach, feed, and support students.
- They both reflect **and** absorb the ripple effects of policy changes at the local, state, and federal levels.



The core roles of the federal government in education are crucial.

Federal spending

- Title funds
- IDEA
- Grants

Information about how we're educating students

- Uniform data about students and schools
- Research and development about what works
- Ability to scale
- State Longitudinal Data Systems support

Civil rights and accountability

- Compliance tied to federal funding for civil rights, testing, and accountability



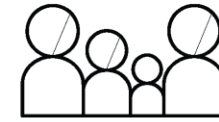


Federal changes to non-education programs can affect states, districts, and schools

changes to

Tax credits

Immigration policy



Can lower school enrollment numbers, which affect state funding formulas

Medicaid and SNAP



Put pressure on state budgets



Lower automatic certification for free meals as students lose eligibility



Raise meal program costs to states



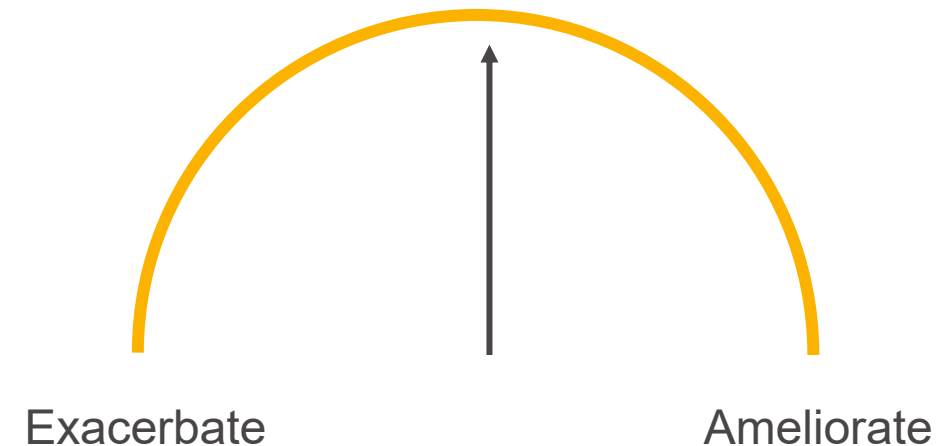
Affect poverty measures used in state funding formulas



School funding

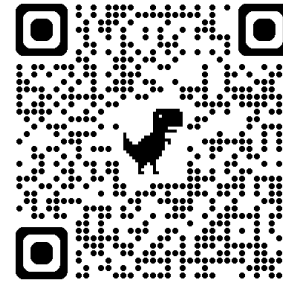
State level contexts and decisions further how schools feel the impact of federal changes.

- How states respond can worsen or alleviate the effects of federal changes.
- But states' policy response will depend on their:
 - Economy
 - Budget and budget processes
 - Education funding formula
 - Population demographics
 - Past policy choices



How will new and emerging federal K-12 policy changes affect people and places?

- Policies under consideration
- Enacted policies' projected impacts
- Challenges and opportunities for implementation



Thank you to the Walton Family Foundation for supporting this series and webinar.

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Essays



ESSAY

Federal Changes to the Social Safety Net Are Tightening State Budgets. School Meal Programs Could Pay the Price

April 9, 2026



BRIEF

Evaluating Indiana's ESSA Waiver Request: Flexibility and Its Limits

January 26, 2026



DATA TOOL

How Would Proposed Changes to Federal K-12 Title Spending Affect Your School District?

September 24, 2025



BRIEF

What Comes Next for Federal Tax Credit Scholarships?

September 2, 2025



URBAN WIRE

How Does the Federal Tax Credit Scholarship Proposal Stack Up Against Other Federal Investments in K-12 Education?

June 24, 2025



RESEARCH REPORT

Changes to SNAP and Medicaid Would Have Implications for Student Access to School Meals

June 9, 2025



ESSAY

How Many Students Would Lose Access to Free Meals under House Republicans' Proposed Changes to the Community Eligibility Provision?

March 7, 2025



ESSAY

Analyzing the Distribution of Benefits under the Educational Choice for Children Act

May 8, 2025

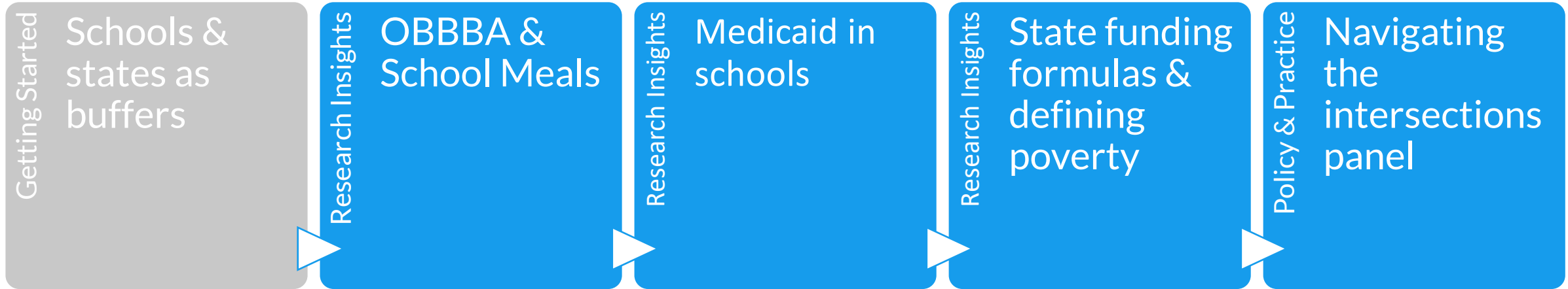


SUMMARY

Changes to SNAP Could Reduce Student Access to Free School Meals

May 20, 2025

Agenda & Presenters



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Impacts of Federal Policy Changes on School Meals Access

Emily Gutierrez

The Social Safety Net + Access to Free School Meals

- Participation in SNAP & Medicaid are used to "**directly certify**" students for free school meal eligibility
- Cuts to these programs **reduce access to free meals**
- **Two methods** for free school meal access



Individual Student Access

The National School Lunch Program and the School Breakfast Program provide free meals to students who live in households that earn up to 130 percent of the federal poverty level (about \$42,900 a year for a family of four).

Universal Student Access

Schools or districts in low-income areas can offer free school meal programs such as the Community Eligibility Provision that provide free meals to all of a school's students, regardless of eligibility. Currently, nine states subsidize statewide universal free meal programs.

OBBBA changes affect state costs + school meal eligibility

- States must cover **25% of SNAP admin costs (2026)**
- High error states must **pay part of SNAP benefits (2027)**
 - **\$13.7 billion** in additional SNAP administrative and benefit costs will be incurred
- Medicaid adds **work requirements + frequent renewals (2027)**, plus eventual cost shifts
- Some immigrants **no longer federally eligible**
 - **106,000 refugee and asylee children** have likely lost SNAP and Medicaid benefits
- The full extent of the effects for school meal eligibility will depend on **how states respond** to cost shifts
 - **Absorb costs +** supplement with new or higher **taxes**
 - **Cut eligibility** when possible to keep programs viable

Potential Elimination of SNAP's Broad Based Categorical Eligibility (BBCE)

Under BBCE, states can

- Waive asset tests
- Increase the asset limit
- Increase the gross income limit up to 200 percent of the federal poverty level

- BBCE allows states to **expand SNAP eligibility**
- Eliminating BBCE would **reduce eligibility**
 - Some families would **lose SNAP access**
 - Loss of SNAP → loss of **automatic free meal access**

BBCE SNAP Loss and Implications for Direct Certification

- **1.3 million** school-age children could lose SNAP benefits if BBCE were eliminated
- **264,000** school-age children would lose direct certification status

Estimated Number of School-Age Children Enrolled in SNAP via BBCE, by State, 2023

	(1) Estimated number of school-age children enrolled in SNAP via BBCE	(2) Estimated share of school-age children enrolled in SNAP but not Medicaid that would lose direct certification	(3) Estimated number of school-age children that would lose direct certification status if BBCE were eliminated	(4) Total 5-to-17-year-olds enrolled in SNAP
Total	1,316,497		264,037	11,094,315
AL	5,046	14.9%	749	224,435
AK ^a	0	100.0%	0	7,405
AZ	37,195	22.5%	8,358	236,450
AR	0	12.3%	0	70,667
CA	211,973	20.5%	43,554	1,274,121
CO	17,768	19.1%	3,396	155,149

Source: Gutierrez 2026, [Federal Changes to the Social Safety Net Are Tightening State Budgets. School Meal Programs Could Pay the Price.](#) Based on 2023 SNAP estimates, the most recent year available.

Key Takeaways

- Less automatic enrollment → **more applications & stigma**
- Budget pressure may **raise costs or end free meal programs**



**Nearly two in three public school students attend schools
with universal free school meals**

- Research shows universal free meals:
 - Improve **test scores & graduation rates**
 - Boost **food security & student health**
 - Improve **school climate & behavior**

Changes to social safety net eligibility have implications for child access to the social safety net *and* access to free school meals

HR1 and School-based Medicaid

Karishma Furtado

Medicaid Provides Funds for Essential Health Services in Schools

- Of the 71M+ people enrolled in Medicaid, about 48% are children
- For those children, Medicaid is a lifeline to essential health care
- In schools, Medicaid accounts for at least \$8.1B worth of services and supports
 - Eligible direct services (a lot of behavioral health support);
 - Early and Periodic Screening, Diagnostic, and Treatment benefit;
 - Administrative services
 - Especially for students with IEPs

School-Based Medicaid Spending in Fiscal Year 2024

In fiscal year 2024, school-based Medicaid spending accounted for about \$8.1 billion in total service and administration expenses



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HR 1 May Affect State K-12 Revenues in 3 General Ways

1. Schools may see **fewer revenues from Medicaid itself**.
 - Reverse welcome mat
 - Especially likely in Medicaid expansion states (where effects of HR 1 Medicaid cuts will be greatest)
2. If student Medicaid enrollment declines, **fewer students may be counted as low income for other purposes**, leading to less support (e.g., free meals).
 - 44 states use Medicaid and SNAP to certify students for free meals
3. Medicaid may **crowd out education spending** as states try to close federal gaps.
 - K-12 ed and Medicaid are the two largest budget line items for states

HR1 Impact on Schools Depends on How States Respond

- In response to HR1, states could:
 - ✓ Allocate more of their state budgets to Medicaid
 - ✓ Reduce payment rates to health care providers
 - ✓ Limit optional benefits
 - ✓ Enforce harsher eligibility and certification or verification requirements
 - ✓ Some or all of the above
- We are starting to see how states will respond (e.g., CO will stop covering certain dental care; MN and NH exploring cost-sharing premiums)
- Current legislative session will tell us more

Additional State-Level Resources



KFF state-level analysis of enacted legislation



Georgetown CCF analysis of states affected by each HR1 Medicaid provision



KFF article on Medicaid and state budget debates

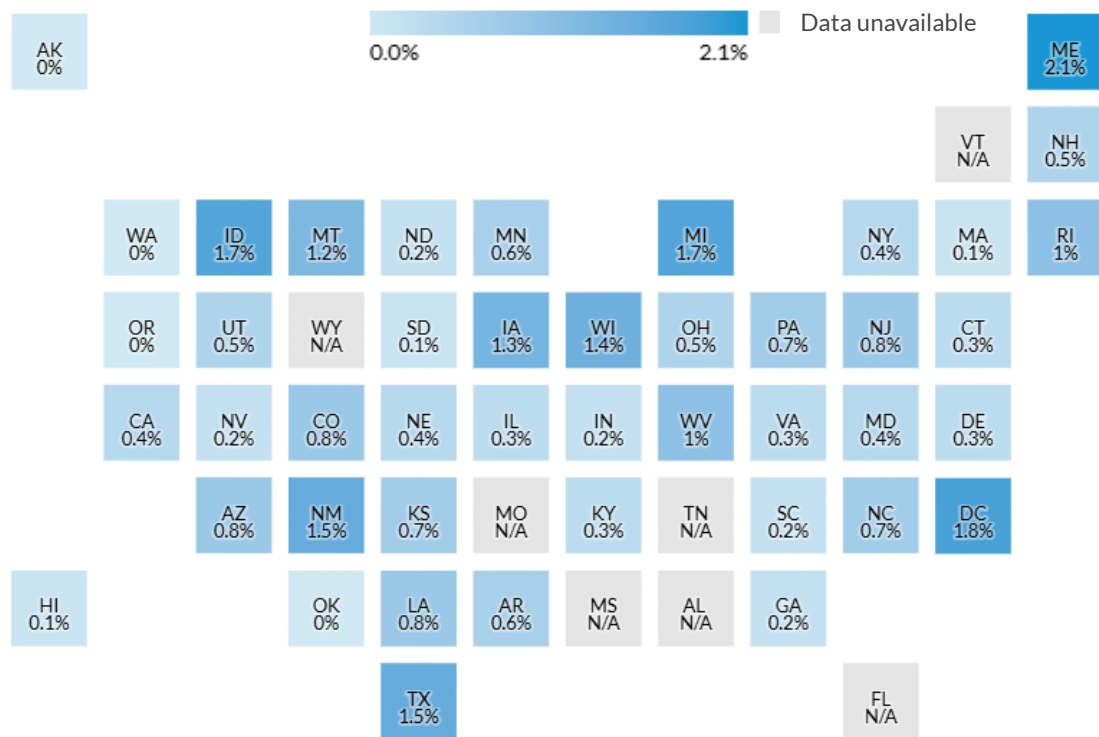


CWF article including early state responses to HR1

Medicaid Plays a Substantial and Targeted Role in School Funding

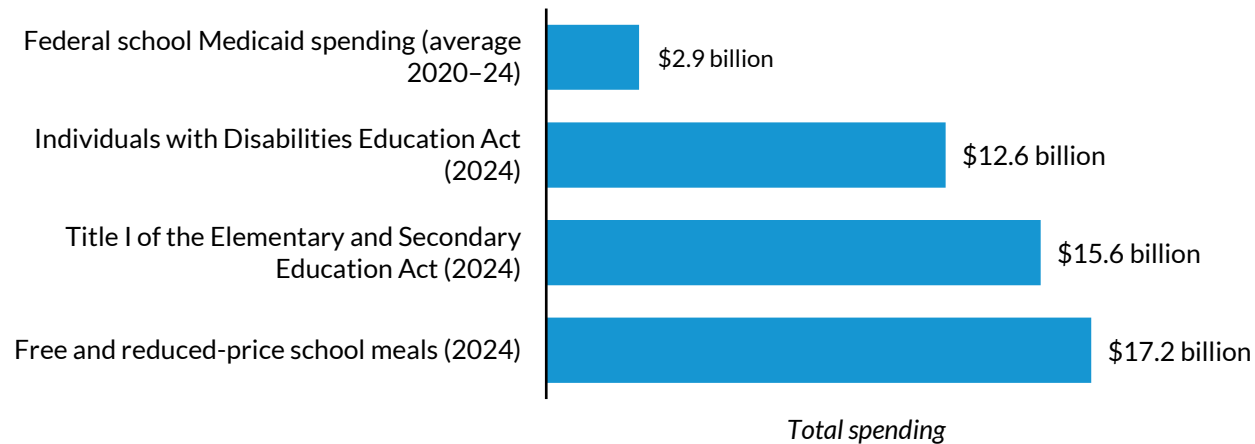
Federal School-Based Medicaid Spending as a Percentage of Total K-12 Revenue, Average 2020-24

Federal school-based Medicaid spending makes up 0.1 to 2.0 percent of total public K-12 revenue by state



Spending on Federal Programs for K-12 Education

Federal dollars for school-based Medicaid spending are small compared with spending on other federal K-12 programs



Key Takeaways

- Medicaid plays a **substantial but targeted role** in funding school-based health services
- But we shouldn't lose sight of the specific **students who rely** on Medicaid-covered services in school
- HR 1's major changes generally do not directly target students or children. Biggest threat is likely **increased competition for state funds**. Secondly, implication for measuring economic disadvantage
- We will know more as state responses become clearer and as more of the H.R. 1 Medicaid changes are implemented over the next five years
- Right now, states can consider **rebasing their ISP calculation** to capture current student participation in Medicaid and **expanding school Medicaid**; schools can **use ability to receive reimbursement** for admin costs to help keep students and families enrolled

Federal Changes to Social Safety Net and Implications for School Funding

Emily Gutierrez

OBBBA Changes and State Funding Formulas

- Budget pressure forces states to
 - **Cut enrollment** for social safety net programs
 - **Increase spending** (with trade-offs like taxes or education cuts)
- Impact varies by type of state funding formula
 - But changes can **reduce monetary aid for low-income students**
- Most states use **student-based funding (base + extra for need)**
 - Others use **resource-based or mixed formulas to fund schools**

State Funding Formulas and Student Poverty Measures

- Many states provide additional funds to districts using a measure of **student poverty**
 - Use measures that reflect school meal eligibility because it's historically available
 - School meal applications associated with **administrative burden + stigma**
- School meal programs have shifted to **direct certification** (either supplementing or supplanting free and reduced-price meal measures)
- OBBBA changes that reduce **eligibility for SNAP/Medicaid**
 - → **fewer directly certified students**
- Lower direct certification → **less funding**

Vulnerabilities will differ by student poverty weight application

- **Single weight:** States supplement a per pupil base amount by multiplying by a percentage or adding a dollar amount for each student who meets the state's poverty measure.
- **Concentration weight:** States allocate additional aid if a district's concentration of poverty crosses a certain threshold.
- **Tiered weight:** States allocate additional aid by tiers that correspond to a district's share of students in poverty.
- **Multiple weight:** States supplement a per pupil base amount by multiplying by multiple percentages or adding a set of dollar amounts for each student who meets the state's poverty measure.

Illustrative District

Changes in Funding for an Illustrative District

District enrolling 2,500 students and a base amount of \$7,000 per pupil

Formula weight application	Additional percentage of funding	Additional funding: School poverty measure = 30%	Additional funding: School poverty measure = 28%	Change in additional funding for students in poverty
Single weight	25%	\$1,312,500	\$1,225,000	-\$87,500
Concentration weight (threshold = 30%)	25%	\$1,312,500	\$0	-\$1,312,500
Tiered weight (30–39% student poverty)	25%	\$1,312,500	N/A	-\$234,500
Tiered weight (20–29% student poverty)	22%	N/A	\$1,078,000	-\$234,500
Multiple weights (50% school poverty + 50% CM)	25%	\$1,531,250	\$1,487,500	-\$43,750

Source: Author's calculations.

Notes: CM = census measure (i.e., US Census Bureau characteristics of students' residential neighborhood); N/A = not applicable. Many states have a combination of these weights, such as a concentration weight in addition to a single weight. I keep them mutually exclusive here for simplicity's sake.

Changes Affect Measures, Not Student Need

▪ Short-Term Options

- Use **multi-year averages** or **hold harmless** to stabilize funding
- Adjust **weights/thresholds** to maintain prior funding levels

▪ Long-Term Options

- Use **new poverty measures** beyond meal program eligibility
- Link to **tax data** to measure income more accurately

Appendix: Tax Credit Education Savings Accounts

Kristin Blagg

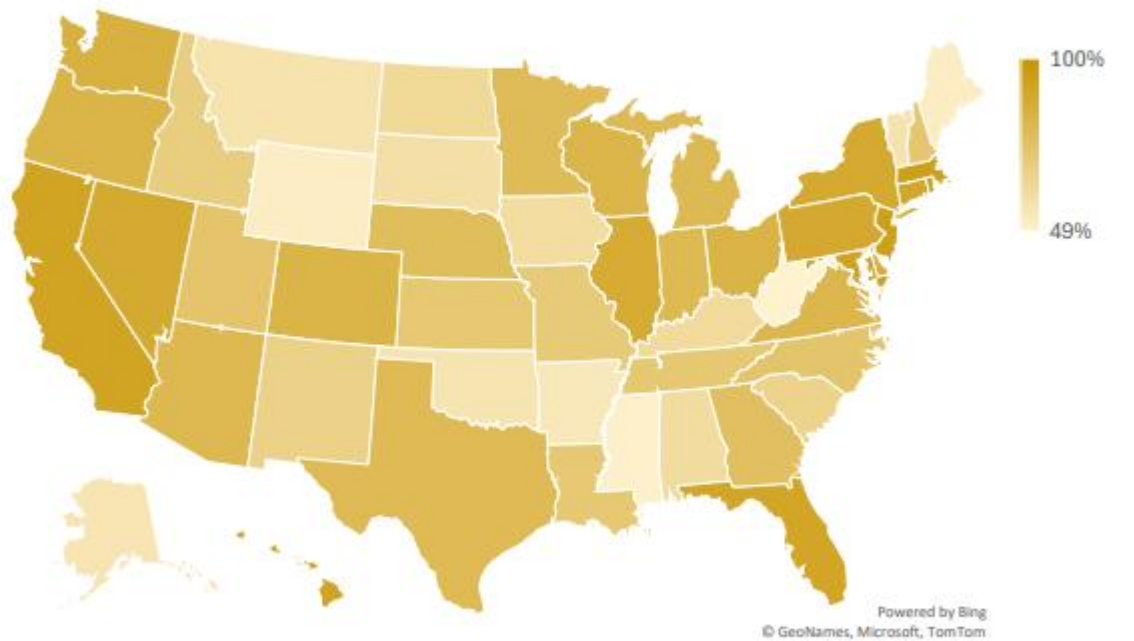
Federal Tax-Credit Scholarships

- Donors to eligible SGOs would be able to deduct up to \$1,700 per year from their federal individual income tax liability.
 - This benefit is a [dollar-for-dollar](#) reduction in federal taxes owed.
- SGOs may give scholarships only to a student who is eligible to enroll in a public K–12 school and who is a member of a household earning up to 300 percent of the area median gross income.
 - SGO can operate only if [the state opts to participate](#) in the federal tax credit program.
 - The scholarship may fund [qualified educational expenses](#), including tuition, fees, tutoring, books, supplies, or special needs services at private, public, or religious K–12 schools; expenses for room and board, uniforms, transportation, and technology.

Private School Access Varies Substantially By State

FIGURE 5

Share of School-Age Children within Five Miles of a Private School



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Source: Urban Institute analysis of the 2021–22 Private School Universe Survey and American Community Survey data (IPUMS National Historical Geographic Information System).

- **West Virginia, Mississippi, Wyoming, Maine, and Arkansas** have the smallest shares of school-age children living near private schools.
- **Washington, DC, Rhode Island, New Jersey, Massachusetts, Maryland, and California** have the highest shares.

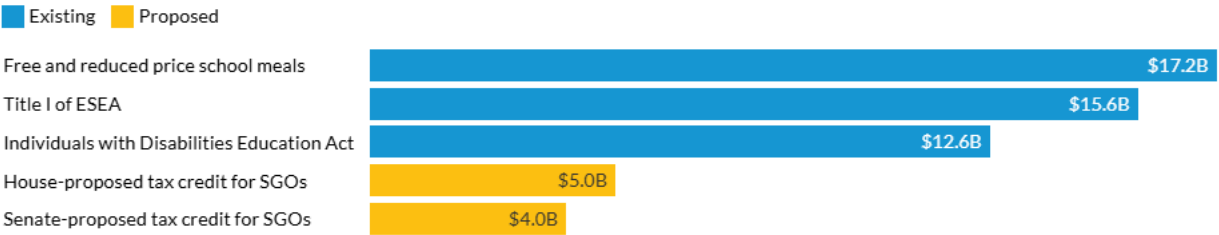
<https://www.urban.org/research/publication/analyzing-distribution-benefits-under-educational-choice-children-act>

Estimate of Tax Credit Take-Up

- About 3 percent of all Arizona tax filers with tax liability make a donation to the Original Individual Income Tax Credit Program annually.
- Applied to the 111 million individual federal tax filers with tax liability in 2022, about 3.3 million tax filers would claim the federal tax credit deduction.
 - If all donors took the maximum deduction, the total claimed annually would be \$5.6 billion.

Proposed Funding for Federal Tax Credit Scholarship Relative to the Largest Federal K–12 Education Programs

Annual federal allocation by program or proposal



URBAN INSTITUTE

Source: Urban Institute analysis of proposed and established federal legislation.

Notes: ESEA = Elementary and Secondary Education Act; SGO = scholarship granting organization. School meals spending data are from fiscal year 2023, and Title I and Individuals with Disabilities Education Act (IDEA) data are from fiscal year 2022. IDEA and Title I is the funding received by local education agencies. Tax credit for SGO proposals do not exclude potential administrative costs and do not include potential additional costs associated with capital gains tax avoidance.

Open Questions

- **How Much Will States Have Discretion over the SGOs That Form in Their State?**
 - States that permit tax credit scholarships with more stringent terms for schools would likely want to apply these same terms to federal scholarship recipients.
 - The legislation does not spell out an audit or oversight mechanism for SGOs within states. Nearly all state-based tax credit programs require SGOs to be audited annually and to publish data about donations and scholarships.
 - States might also consider setting up a summary document or website that could help donors decide which SGOs to fund. This document could contain the SGO's mission, any priorities for funding, and information such as the audit results, leadership salaries, and nonscholarship expenses.
 - By building a kind of Charity Navigator or GuideStar for SGOs that operates within the state, policymakers may be able to informally shape donor decisions and SGO behavior.

Open Questions

- **How Much Can SGOs Narrow Their Mission Scope to Fund Certain Activities or Prioritize Certain Students?**
 - The legislation requires that SGOs fund only qualified educational expenses but does not further specify whether SGOs can have a given mission. State-funded ESA accounts are most often used for private school tuition (more than 80 percent of dollars) (Butcher and Burke 2016).
 - SGOs could theoretically cover external costs associated with public school attendance, such as school meal expenses for recipients who are ineligible for free lunch, the purchase of technology and of internet access for use while the beneficiary is in school, or recipients' school-based therapies.
 - SGOs may be able to set priorities for scholarship selection beyond the requirement that previous recipients and siblings of recipients are prioritized.