

The States That Need It Most Might Not Enroll in Statewide Free Meals

An Essay for the Learning Curve by Emily Gutierrez
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The proposed Build Back Better framework¹ would allow states to provide free school meals to all students, but the proposed reimbursement structure might discourage the states where child poverty is highest from enrolling.

Free school meal programs bring wide-ranging benefits. In addition to increasing participation in school meals, universal free meal programs have academic and social benefits for students, including improvements in disciplinary outcomes and perceptions of bullying, fighting, and safety.²

Build Back Better proposes to expand the Community Eligibility Provision (CEP) of the National School Lunch Program to the state level. Through CEP, schools, groups of schools, or districts where at least 40 percent of students are identified as low income can provide free meals to all students. Those schools (or groups of schools or districts) are reimbursed for those free meals in part based on their share of low-income students.

Statewide expansion of CEP would allow states to be reimbursed in a similar manner, but because of the way low-income students are counted under CEP, the states most in need are not always the ones that would receive the largest reimbursement. States would be better positioned to widely address student hunger if the proposed bill included changes to the reimbursement structure that more directly reflected child poverty.

¹ [Build Back Better Act](#), H.R. 5376, 117th Cong. (2021).

² Krista Ruffini, *Universal Access to Free School Meals and Student Achievement: Evidence from the Community Eligibility Provision* (working paper, University of California, Berkeley, 2018); Nora E. Gordon and Krista J. Ruffini, *School Nutrition and Student Discipline: Effects of Schoolwide Free Meals* (working paper, National Bureau of Economic Research, Cambridge, MA, 2018); and Emily Gutierrez, *The Effect of Universal Free Meals on Student Perceptions of School Climate: Evidence from New York City* (working paper, Brown University Annenberg Institute for School Reform, Providence, RI, 2021).

How CEP Reimbursement Works Now

The number used to identify schools or districts eligible for CEP is the identified student percentage (ISP). ISP is the share of students directly certified as eligible for free meals through their household's participation in such programs as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or Medicaid plus students who are categorically eligible, including those the school classifies as homeless, runaway, or in foster care, depending on the state.³

Using direct certification through these benefit programs means schools and districts no longer have to rely on paper forms to determine free and reduced-price lunch eligibility. The downside, however, is that state-specific rules around the various benefit programs can end up drastically affecting a school or district's ISP.

ISP is also used to determine a school or district's reimbursement rate. Schools or districts are reimbursed for meals at federal free meal rates using a 1.6 multiplier, so schools with ISPs of at least 62.5 percent are reimbursed at the federal free rate for 100 percent ($62.5 * 1.6$) of meals served. But schools or districts with ISPs between 40 percent (the current participation threshold) and 62.5 percent are responsible for filling any new gaps in revenues.

Under the proposed CEP expansion, the reimbursement multiplier would increase from 1.6 to 2.5, allowing states with ISPs of at least 40 percent to be reimbursed at the full federal free rate for 100 percent ($40 * 2.5$) of meals served. States with ISPs below 40 percent could still participate in statewide CEP but would be responsible for covering any remaining gaps between reimbursement amounts and costs to produce school meals.

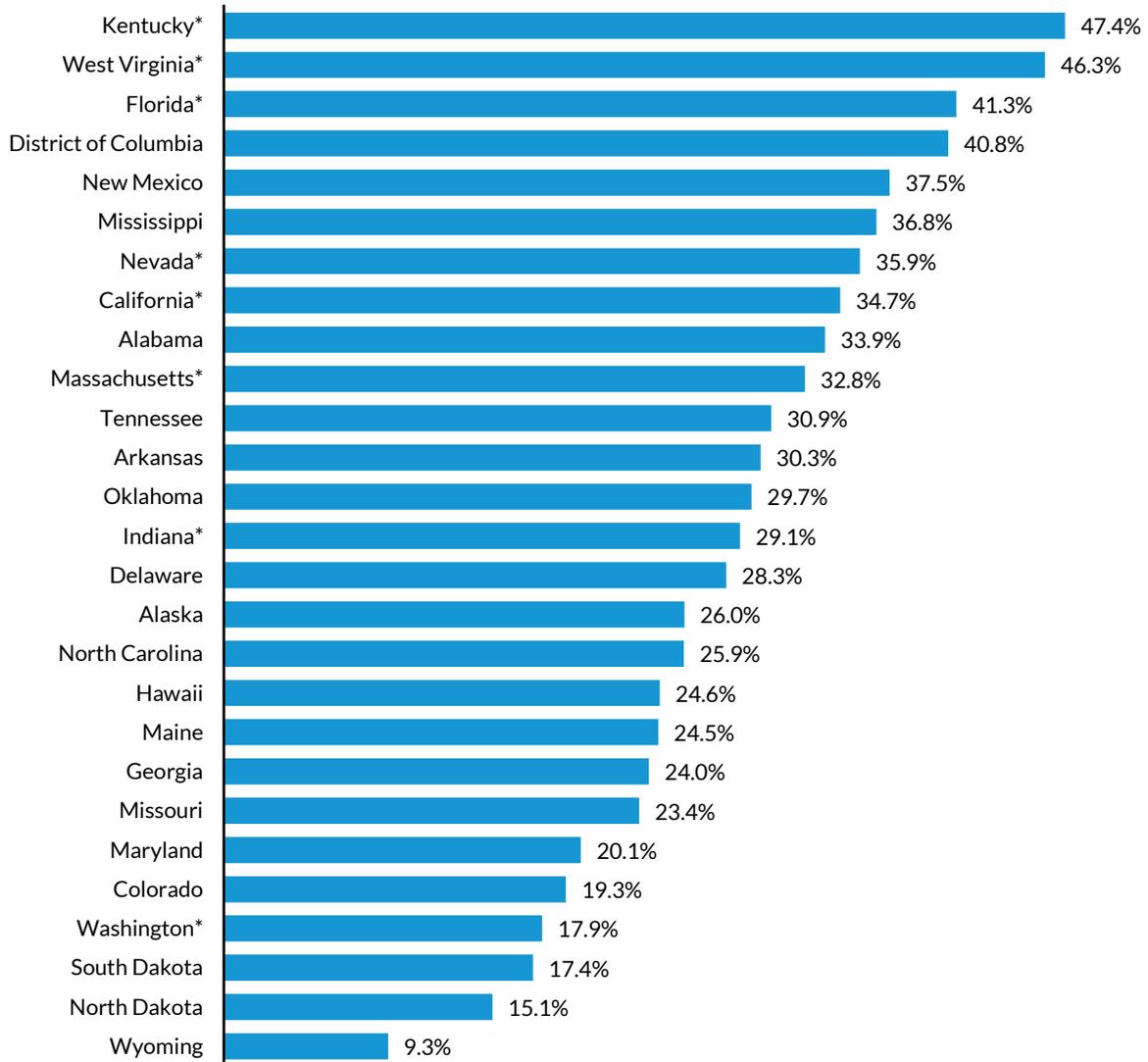
States' Shares of Directly Certified Students Shed Light on Who Would Be More Likely to Adopt

Statewide ISP data are not available, as states are required to publish ISPs only for schools close to the current eligibility threshold. But some states report direct certification rates for all schools, which can provide a close estimate of ISP (usually, the ISP share is the same or slightly higher because of students who are classified as categorically eligible). Using data from these states, we can identify which states are more likely to adopt CEP because they have a direct certification share close to or above the 40 percent threshold (figure 1).

³ Kristin Blagg, Macy Rainer, Erica Greenberg, and Emily Gutierrez, "Measuring Student Poverty: Dishing Up Alternatives to Free and Reduced-Price Lunch," Urban Institute, last updated October 20, 2021, <https://www.urban.org/features/measuring-student-poverty-dishing-alternatives-free-and-reduced-price-lunch?state=Alabama>.

FIGURE 1

States Where 40 Percent of Students Are Directly Certified as Low Income Would Be Fully Reimbursed for Universal Free Meals



Share of students directly certified as eligible for free meals

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Source: Urban Institute analysis of 2019-20 Common Core of Data, Education Data Portal (Version 0.12.0), Urban Institute, accessed November 2, 2021, <https://educationdata.urban.org/documentation/>, made available under the ODC Attribution License.

Notes: Asterisks indicate states that already include Medicaid in their lists of direct certification programs. States used in this analysis must provide direct certification data for at least 90 percent of students in the state.

Based on available data on direct certification shares, the District of Columbia, Florida, Kentucky, and West Virginia would be reimbursed for 100 percent of meals served across the state at the federal

free meal rates. For these states, the decision to adopt may be a no-brainer (pending the costs to produce meals in districts in these states). Other states, with direct certification rates below 40 percent, would be responsible for covering any gaps between reimbursements and the costs of producing meals.

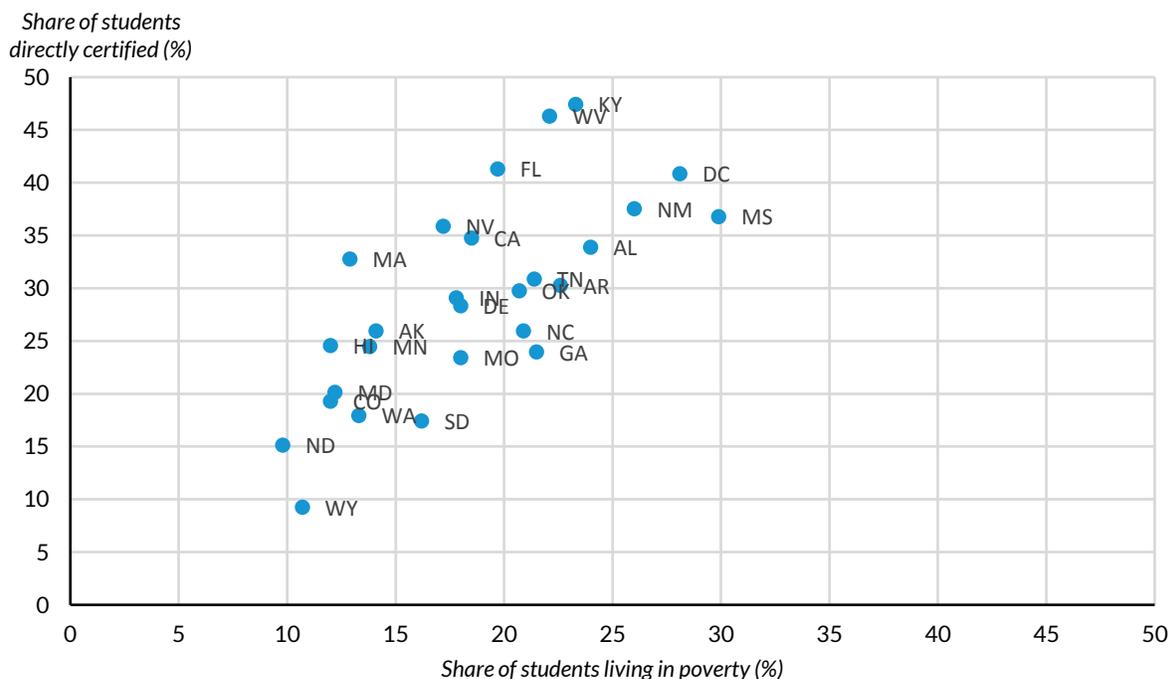
Direct Certification Does Not Reflect the True Level of Need

But these states are not necessarily the ones with the most children in need.

Because of how states administer social safety net programs, direct certification shares (and ISPs) and child poverty rates are only loosely correlated (figure 2). Child poverty rates identify students living in households with incomes up to 100 percent of the federal poverty level, so we would not expect child poverty rates to equal direct certification rates. But we would expect them to be more tightly correlated with direct certification rates than they actually are.

Some states, such as Alabama, have relatively high child poverty rates but low direct certification rates, likely because of restrictive rules around participation in social safety net programs.

FIGURE 2
Direct Certification Shares and Child Poverty Rates Are Only Loosely Correlated



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Source: Urban Institute analysis of 2018–19 Common Core of Data, Education Data Portal (Version 0.12.0), Urban Institute, accessed November 2, 2021, <https://educationdata.urban.org/documentation/>, made available under the [ODC Attribution License](#); and data for children ages 5 to 17 enrolled in public schools from the National Center for Education Statistics, Education Demographic and Geographic Estimates, <https://nces.ed.gov/programs/edge/TableViewer/acsProfile/2019>.

Because CEP reimbursement rates are dependent on states' ISPs (direct certification rates), children in states with high poverty rates but low direct certification rates are more likely to lose out on free meals. Alabama's direct certification share of 33.9 percent means Alabama would have to cover up to 15.25 percent ($100 - (33.9 * 2.5)$) of meals served, even though 24 percent of public school children in Alabama live below the federal poverty level compared with 19.7 percent in Florida, where, based on direct certification data, the state would be more inclined to adopt statewide CEP.

The Role of Safety Net Rules

Child poverty and direct certification rates are only loosely correlated in large part because of how states administer social safety net programs, including the use of broad-based categorical eligibility, and whether Medicaid is included in states' lists of direct certification programs.⁴

Previous versions of the proposed bill added Medicaid to the list of directly certified programs for all states, which would have increased direct certification rates, and therefore ISPs, in many states. As of 2021, 15 states use Medicaid to directly certify students.⁵ For example, Alabama has a 33.9 percent direct certification rate but does not include Medicaid in its list of direct certification programs. But it is likely that the addition of Medicaid would push Alabama over the 40 percent threshold to be reimbursed for all meals served. The extent to which including Medicaid in direct certification would affect states' ISPs would depend on each state's Medicaid income eligibility limits, some of which are lower than others.

The addition of Medicaid to the list of direct certification programs for all states would level the playing field for states with low ISPs. Moreover, encouraging states to adopt broader, more inclusive definitions of SNAP and TANF for children would make ISPs better reflect child poverty rates.

Rethinking ISPs

The disconnect between child poverty rates and ISPs is likely to create a disconnect between the states that enroll in statewide CEP and those that most need statewide CEP. Alabama, for example, may choose not to enroll because it would not receive full reimbursement, even though the child poverty data make clear that Alabama students could benefit from universal free meals.

Beyond expanding safety net access and including Medicaid recipients in the ISP, this issue could be remedied with a different reimbursement structure under the statewide option. The statewide provision already removes the ISP eligibility threshold (although districts with ISPs below 40 percent are not eligible, states with ISPs below 40 percent would be eligible but would not receive full reimbursement), so other changes specific to the statewide provision could be possible.

⁴ Kristin Blagg, Macy Rainer, and Elaine Waxman, "How Restricting Categorical Eligibility for SNAP Affects Access to Free School Meals" (Washington, DC: Urban Institute, 2019).

⁵ FRAC (Food Research and Action Center), "Medicaid Direct Certification Demonstration Project Request for Proposals: Apply by September 30, 2021" (Washington, DC: FRAC, 2021).

The US Department of Agriculture’s Food and Nutrition Service, which administers the National School Lunch Program, is accustomed to using ISP, but the education world has used other measures of poverty before. For example, Title I aid depends on census-related poverty rates. Instead of ISP rates, statewide federal reimbursements could rely on state child poverty rates and a larger multiplier, such as 5 instead of 2.5, to reflect current reimbursement levels and make likelihood of adoption more equitable. Using this type of reimbursement strategy would produce a similar reimbursement amount of 98.5 percent (19.7 percent child poverty * 5) of meals (compared with a cap of 100 percent using direct certification) served in Florida, a cap of 100 percent (22.1 percent child poverty * 5) in West Virginia, and a more comparable reimbursement amount (compared with using direct certification) capped at 100 percent (24 percent child poverty* 5) in Alabama.

Adoption decisions would also depend on costs to produce school meals. Districts have discretion in setting school meal prices but must account for various costs, including regional variations in food, labor, and fuel, as well as local variations in equipment, infrastructure, and contract agreements.⁶ Some districts may be able to produce meals for less than the free federal reimbursement rates (\$3.66 for lunch and \$1.97 for breakfast in 2021–22), while others may struggle. And the COVID-19 pandemic has increased costs, prompting the Department of Agriculture to allocate additional resources to help fill the funding gaps caused by supply chain shortages.⁷

Should these CEP proposals pass, states will have to weigh the pros and cons of adopting CEP statewide. In addition to such factors as states’ ISPs and reimbursement rates, states should consider whether their true, underlying need is reflected in direct certification rates (and ISPs). Failing to account for this component could produce adoption rates that are more correlated with social safety net program administration than with child poverty and hunger.

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⁶ “School Meal Trends and Stats,” School Nutrition Association, accessed November 2, 2021, <https://schoolnutrition.org/aboutschoolmeals/schoolmealtrendsstats/>.

⁷ Mark Lieberman, “Feds Pump \$1.5 Billion Extra toward Schools to Address Cafeteria Food Shortage,” EducationWeek, September 29, 2021, <https://www.edweek.org/policy-politics/feds-pump-1-5-billion-extra-toward-schools-to-address-cafeteria-food-shortage/2021/09>.

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