



## Fully Funding the Community Eligibility Provision 2024 Supplemental Operating Budget Decision Package

### Recommendation Summary

State law (RCW 28A.235.300) requires that school districts participate in the federal Community Eligibility Provision (CEP) in all eligible schools, and to group schools to the maximum extent possible. The program allows schools to provide school meals at no cost to all school in the school, regardless of their income status. Since the 2023 Legislative Session, state cost has increased due to changes at the federal level and the addition of new CEP schools. The Office of Superintendent of Public Instruction (OSPI) is requesting additional funding to continue reimbursing CEP school districts, in accordance with state law.

### Fiscal Details (Funding, FTEs, Revenue, Objects)

Operating Expenditures	FY 2024	FY 2025	FY 2026	FY 2027
General Fund State - 01	\$15,095,000	\$15,095,000	\$15,095,000	\$15,095,000
<b>Total Expenditures</b>	\$15,095,000	\$15,095,000	\$15,095,000	\$15,095,000
<b>Biennial Totals</b>	<b>\$30,190,000</b>		<b>\$30,190,000</b>	
Staffing	FY 2024	FY 2025	FY 2026	FY 2027
FTEs	0	0	0	0
<b>Average Annual</b>	<b>0</b>		<b>0</b>	
Revenue	FY 2024	FY 2025	FY 2026	FY 2027
General Fund State - 01	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Biennial Totals</b>	<b>\$0</b>		<b>\$0</b>	
Object of Expenditure	FY 2024	FY 2025	FY 2026	FY 2027
Obj. N	\$15,095,000	\$15,095,000	\$15,095,000	\$15,095,000

## Package Description

### What is the problem, opportunity, or priority you are addressing with the request?

In 2022, the Legislature passed House Bill 1878, requiring participation in the Community Eligibility Provision (CEP), a federal school meal program that allows high-need schools (schools serving large percentages of students experiencing poverty) to provide school meals for free to all students.

Current law, RCW 28A.235.300, requires school districts to apply to participate in CEP in all eligible schools. A school is eligible for CEP if it has an Identified Student Percentage (ISP) of 40% or greater. The ISP is calculated by dividing the number of identified students by the total enrollment. Identified students are those who are categorically eligible for free school meals due to their participation in another needs-based program such as Supplemental Nutrition Assistance Program (SNAP – commonly called food stamps), certain Medicaid plans, Temporary Assistance for Needy Families (TANF), or because they are experiencing homelessness or are in foster care.

School meal programs operate on a reimbursement basis. Funding is provided for each meal that is served to a student. The U.S. Department of Agriculture (USDA) provides reimbursement to schools for meals served based on different per-meal rates (Free, Reduced-Price, and Paid). This per-meal reimbursement varies based on the meal (breakfast or lunch); the student who received that meal and their eligibility status (Free/Reduced-Price or Paid); and the category of school, with USDA reimbursement rates being higher in identified “high needs schools.”

In schools operating CEP, state funding supplements this federal per-meal reimbursement for meals that are not reimbursed at the higher USDA Free Rate, to ensure providing meals at no cost to the student is financially viable for school districts.

This proposal asks for additional funding for the CEP program as costs are expected to exceed current funding for two reasons.

#### **Reason #1: There are more schools eligible, and therefore required to participate in CEP.**

Current funding is based on 1,200 schools participating in CEP which is the number of eligible and participating schools in the 2022–23 school year.

Eligibility for CEP is determined every April 1 when each school’s Identified Student Percentage (ISP) is calculated. After April 1, 2023, there are more schools eligible than in the prior year. Additionally, grouping allows for school districts to merge schools together to bring on schools that would not be eligible on their own.

As a result, OSPI expects to have 1,288 CEP schools after April 1, 2024, an increase of 88 schools.

#### **Reason #2: The cost of the per-meal state supplement has increased.**

Each July, USDA publishes the reimbursement rates for school meal programs in the upcoming school year. The annual adjustment is based on changes in the Food Away From Home series

of the Consumer Price Index for All Urban Consumers. Generally speaking, rates gradually increase every year.

During the 2022–23 school year, Congress enacted an additional \$0.40 bonus reimbursement for all school meals. This \$0.40 bonus has since lapsed and the state CEP supplement, which is the cost to the state for each meal not already reimbursed at the Free Rate in a CEP school, has increased.

This proposal will provide additional funding to account for the new CEP schools and for the increase in per-meal costs going into effect in the 2023–24 school year.

Washington state has continued to invest in access to nutritious school meals, and this proposal continues that investment, ensuring financial stability for school districts and access for students.

### What is your proposed solution?

This request is for \$15 million in the 2024 Supplemental Budget and continued in ongoing funding for future years.

### What are you purchasing and how does it solve the problem?

Funding would supplement federal per-meal reimbursement to school districts for meals that are not reimbursed at the Free Rate by federal funding. Current funding is set up to pay the difference between the USDA Paid Rate (\$0.42) and the USDA Free Rate (\$4.27), \$3.85 for each lunch.

This funding would ensure the availability of resources to reimburse all CEP schools for the 2022–23 school year and beyond.

### What alternatives did you explore and why was this option chosen?

To fully meet the Legislature’s intent, the only option is for the state to increase funding in line with this request.

## Performance Measures

### Performance outcomes:

By funding this request, an additional 30,000 students each day will be able to rely on nutritious school meals at no out-of-pocket cost and the current CEP schools that provide no-cost meals to 550,000 students will be supported by sufficient revenue to continue operating their programs.

Benefits of CEP include:

- All students can receive a nutritious breakfast and lunch at no cost.
- No meal charges to households.
- Removes stigma around school meals.
- Meal participation increases, bringing in more federal reimbursement.

- All students in CEP schools are eligible for the federal summer EBT program.

## Assumptions and Calculations

### Expansion or alteration of a current program or service:

This request is to fully fund the state's supplement of the Community Eligibility Provision (CEP) required under House Bill 1878 (2022). The Legislature allocated \$21.5 million in ongoing funding in the 2022 Supplemental Budget, Sec. 508 (4)(a), and increased the funding the following year by \$28.5 million due to caseload increases to a total of \$50 million in fiscal year 2024. This request is for an additional \$15.1 million in fiscal year 2024 and in ongoing funds.

### Detailed assumptions and calculations:

*CEP Caseload:* Estimates for the caseload of CEP schools is challenging to precisely predict as population changes in the state each year impact the ISP in all 2,071 schools that operate school meals. For the 2023–24 school year, there are 88 more schools eligible for CEP than there were during the 2023 Legislative Session.

*Reimbursement Rates:* Annual adjustments to the USDA reimbursement rates also impact the cost of this program, as the state pays the difference between the Free and Paid Rates for all meals not already reimbursed at the Free Rate by the federal government.

Current funding was based on 2022–23 reimbursement rates which included a \$0.40 increase established by Congress in the Keep Kids Fed Act of 2022. This additional funding has since lapsed, but USDA's annual adjustment brought the Free Rate back up, almost to what it was in 2022–23. However, the Paid Rate was only increased by \$0.03. This means that the state supplement cost, the price between these two rates grew significantly from \$3.56 in fiscal year 2023 to \$3.85 in fiscal year 2024 for lunch and \$2.17 in fiscal year 2023 to \$2.35 in fiscal year 2024 for breakfast.

With this new supplement cost, we can estimate the annual cost of the program by looking at projected meal participation.

OSPI estimates there will be 7.25 million breakfasts and 14 million lunches that will be reimbursed at the Paid Rate by the federal government and therefore require the state supplement.

- Breakfast: 7,245,000 meals X \$2.35 = \$17,025,75
- Lunch: 14,044,000 meals X \$3.85 = \$54,069,400

This brings a total cost to \$71.1 million which is \$15.1 million greater than current funding.

### Workforce assumptions:

None.

## How our Proposal Impacts Equity in the State

At the forefront of every program, policy, and decision, OSPI actively focuses on ensuring all students have access to the instruction and support they need to succeed in our schools. OSPI regularly engages with a wide array of partners and stakeholders to continuously connect with students, families, and community representatives as partners in decision-making. The Community Eligibility Provision has made it possible for well over half of all students in the state to attend a school that provides school meals with no out-of-pocket costs for all students.

Providing no-cost meals for all students through CEP actively improves equity, especially for students whose families may qualify for Free and Reduce-Price meals but feel uncomfortable with providing their financial information to the school district, or who are concerned about immigration status.

## **Strategic and Performance Outcomes**

### **Strategic framework:**

This proposal aligns with the Governor’s Results Washington Goal #1: World-class education, as well as Goal #5: Efficient, effective, and accountable government. Hungry students can’t learn and by expanding universal meals, the state has the opportunity to support our students’ readiness to learn. Additionally, the Community Eligibility Provision streamlines school district operations by removing several administrative requirements and simplifies school meal counting, improving the effectiveness of the program.

This proposal also aligns with Superintendent Reykdal’s Strategic Goal #1: Equitable Access to Strong Foundations. We can support strong foundations by making sure every student has access to the nutrition they need each day.

## **Other Collateral Connections**

### **Intergovernmental:**

None.

### **Stakeholder response:**

None.

### **Legal or administrative mandates:**

None.

### **Changes from current law:**

None.

### **State workforce impacts:**

None.

**State facilities impacts:**

None.

**Puget Sound recovery:**

N/A