



Fully Covering the Costs of Universal Meals

2025 Supplemental Operating Budget Decision Package

RECOMMENDATION SUMMARY

Washington state has made great strides in providing no-cost school meals to students across the state. In the 2024–25 school year, nearly 70% of students in Washington state will attend a school that provides meals at no cost to all students. While the federal government provides most of the funding for no-cost meal programs, the state supplements the federal funding to ensure financial viability for local school meal programs. The cost to the state has increased due to changes in the federal reimbursement rates, more schools qualifying for the Community Eligibility Provision (CEP), and increased meal participation. The Office of Superintendent of Public Instruction (OSPI) is requesting additional funding in fiscal year 2025 to continue reimbursing meals in accordance with state law.

FISCAL DETAIL

Operating Expenditures	FY 2024	FY 2025	FY 2026	FY 2027
Fund 001-1 (Program 25)	\$0	\$17,561,000	\$0	\$0
Total Expenditures	\$0	\$17,561,000	\$0	\$0
Biennial Totals	\$17,561,000		\$0	
Staffing	FY 2024	FY 2025	FY 2026	FY 2027
FTEs	0.0	0.0	0.0	0.0
Average Annual	0.0		0.0	
Object of Expenditure	FY 2024	FY 2025	FY 2026	FY 2027
Obj. N	\$0	\$17,561,000	\$0	\$0
Revenue	FY 2024	FY 2025	FY 2026	FY 2027
Fund 001-1	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0
Biennial Totals	\$0		\$0	

PACKAGE DESCRIPTION

State law (RCW 28A.235.300) requires schools that qualify for CEP based on enrollment to provide meals at no cost to all enrolled students regardless of household income. CEP-eligible enrollment counts students identified as those who are automatically 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. A school is eligible for CEP if it has an Identified Student Percentage (ISP) of 40% or greater, or if it can be included in a group of schools within the same school district with a combined ISP of 40% or greater. All students attending a CEP school have access to school meals at no charge.

RCW 28A.235.135 requires elementary schools that are not eligible for CEP but where at least 30% of the student enrollment is eligible for free or reduced-price meals to provide meals at no cost to all students enrolled in those schools. These schools are called *Meals for Kids Schools*.

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

Need for Additional Funding to Comply with State Law

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), whether the student who received that meal is identified as eligible for free or reduced-price meals, and whether the school is categorized as a high-needs school, with USDA reimbursement rates being higher for these schools. In schools operating CEP programs and Meals for Kids schools, 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.

Increased Cost to the State

Reason #1: School Eligibility

More schools are eligible today than in previous years, and more schools are therefore required to participate in CEP and Meals for Kids programs based on that eligibility. Family income data continues to show an increase in the number of students in households designated as low-income. Using OSPI's Washington State Report Card, the number of students eligible for Free and Reduced-Price meals has been steadily increasing year-over-year. The figure stands today at 50.1% compared to pre-pandemic rates of 46.8% in the 2019–20 school year.

Current funding is based on 1,288 schools participating in CEP programs. Eligibility for CEP is determined on an annual basis every April, when each school's ISP is calculated. Once approved, CEP eligibility is automatically renewed for four years. Following this year's approval of CEP applications and Meals for Kids school designations, OSPI anticipates 1,353 schools participating in CEP programs during the 2024–25 school year.

Reason #2: Per Meal Cost

The cost of the per-meal state supplement has increased. Each July, the USDA publishes the reimbursement rates for school meal programs for the upcoming school year. The annual adjustment is based on changes in the federal Food Away From Home series of the Consumer Price Index for All Urban Consumers. The increase in USDA meal reimbursement rates for the 2024–25 school year means that each meal the state supplements costs a little bit more than it did the previous year, increasing from \$3.85 to \$4.01 for lunch and from \$2.35 to \$2.45 for breakfast. This accounts for \$4.4 million of the additional \$17.6 million needed to support these programs.

Reason #3: Student Participation

Rates of student participation in these programs (the number of students who choose to eat school meals on a daily basis) have significantly increased over the last year. OSPI believes that there are multiple factors impacting school meal participation including changing economic conditions impacting families by making groceries more expensive for households, the continuing destigmatization of individual student participation in universal meal programs, and improved quality of meals. Meal participation rates increased 23–30% from the prior year in schools operating CEP and Meals for Kids programs.

Continued Challenges in Projecting Needed Funding

Accurately predicting the cost to the state is an ongoing challenge. School eligibility and student participation in meals programs can vary depending on a number of factors including economic outlook, local school district scheduling, unplanned impacts to school schedules, and individual student choice. The K–12 system also lacks clarity when it comes to how this funding should be treated. The Meals for Kids funding formula is codified in state law; however CEP’s funding formula is outlined in state budget language only, while the requirement for schools to participate in CEP is codified in law. For these reasons, OSPI asks that no-cost school meals be treated as an entitlement for budgeting reasons and at the very least, that OSPI be given transfer authority to ensure financial viability of these programs when the state faces cost increases. OSPI is prepared to discuss these challenges with lawmakers during the 2025 Legislative Session to reach a solution.

What is your proposal?

OSPI requests \$17.6 million in the 2025 Supplemental Operating Budget to account for the new CEP and Meals for Kids schools and for the increase in per-meal costs for the 2024–25 school year and continued increases in meal participation.

How is your proposal impacting equity in the state?

1. 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. This proposal is focused on the needs of our most vulnerable students, particularly students experiencing poverty, students of color, American Indian/Alaska Native students, and highly mobile students including migrant students, those in foster care, and those experiencing homelessness. These student groups face unique systemic barriers to completing their K–12 education, barriers which perpetuate larger systemic inequities that persist along racial and

socioeconomic lines. Providing no-cost meals for all students actively improves equity, especially for students who may qualify for free or reduce-price meals but their family feels uncomfortable with providing their financial information to the school district, or who are concerned about immigration status.

2. Because this proposal is a maintenance level request that does not change any policy, OSPI did not engage with communities.
3. See above response.
4. No-cost meals level the playing field for all students. In schools where everyone can eat breakfast and lunch without the fear of not being able to afford it or the stigma that comes along with receiving meals for free while other students do not, students can take care of their needs and show up to class ready to learn.

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

State funding supplements federal per-meal reimbursement to school districts for meals that are not reimbursed at the federal Free Rate. In the 2024–25 school year, this reflects \$4.01 for each lunch, the difference between the USDA Paid Rate (\$0.44) and the USDA Free Rate (\$4.45), and \$2.45 for each breakfast, the difference between the USDA Paid rate (\$0.39) and the USDA Free Rate (\$2.84). This request adds additional funding to cover the expected shortfall in state funding based on the number of participating schools, USDA meal rates, and expected student participation.

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

OSPI does not have the funding to continue CEP or Meals for Kids programs without additional resources. If additional state funding is not appropriated, OSPI will not be able to reimburse school districts for the meals they provide to students.

What resources does the agency already have that are dedicated to this purpose?

For fiscal year 2025, the Legislature allocated \$74,667,000 for CEP and \$16,023,000 for Meals for Kids schools. The increased cost of both programs means that OSPI does not have the funding to continue the programs through the 2024–25 school year without additional funding.

ASSUMPTIONS AND CALCULATIONS

Expansion, reduction, elimination 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) and Meals for Kids under House Bill 1238 (2023).

Detailed assumptions and calculations:

Number of Eligible Schools

Estimating the caseload of CEP schools is challenging to precisely predict as household economic conditions and population changes impact the Identified Student Percentage (ISP)

which determines school eligibility. School districts apply or may re-apply for CEP each June, meaning that OSPI can only concretely know the number of participating schools for the coming year. For the 2024–25 school year, there will be 163 more schools eligible for CEP than there were during the 2024 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 2023–24 reimbursement rates. This means that the state supplement cost, the price between these two rates grew from \$3.85 to \$4.01 per lunch and from \$2.35 to \$2.45 per breakfast. This accounts for \$4.4 million of the \$17.6 million needed to support the programs.

Meal Participation

Using the average participation of 1.5 breakfasts per week and 2.75 lunches per week, OSPI can estimate participation by looking at the number of students who are not eligible for free or reduced-price meals in Meals for Kids schools and the claiming percentages in each CEP school.

	<i>Paid</i> Students	Average Weekly Breakfast Participation	Average Weekly Lunch Participation	Number of School Weeks	Estimated Paid Breakfasts	Estimated Paid Lunches
CEP	157,982*	1.5	2.75	36	8,531,028	15,640,218
Meals For Kids	46,540	1.5	2.75	36	2,513,160	4,607,460
Total					11,044,188	20,247,678

*CEP schools don't have *Paid* students because meal reimbursement is based on a multiplier using the school's or groups' Identified Student Percentage (ISP). Instead, this figure comes from the Paid Claiming Percentage of each CEP group, multiplied by that group's total enrollment.

Total Costs

With this estimated participation and the new per-meal supplement cost, OSPI can estimate the annual cost of the program. OSPI estimates there will be 11 million breakfasts and 20 million lunches that will be reimbursed at the Paid Rate by the federal government and therefore require the state supplement.

- Breakfast: 11,044,188 meals X \$2.45 = \$27,058,260.60
- Lunch: 20,247,678 meals X \$4.01 = \$81,193,188.78

This brings a total cost to \$108,251,449 per year which is \$17,561,449.38 greater than current funding.

Workforce assumptions:

None.

Historical funding:

Fiscal Year 2026

- FTE = 0 FTE
- Total Funds = \$90.69 million
 - CEP: \$74.67 million
 - Meals for Kids: \$16.02 million
- Near General Fund = \$90.69 million
 - CEP: \$74.67 million
 - Meals for Kids: \$16.02 million
- Other Funds = \$0 million

Fiscal Year 2027

- FTE = 0 FTE
- Total Funds = \$90.69 million
 - CEP: \$74.67 million
 - Meals for Kids: \$16.02 million
- Near General Fund = \$90.69 million
 - CEP: \$74.67 million
 - Meals for Kids: \$16.02 million
- Other Funds = \$0 million

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. OSPI can support strong foundations by making sure every student has access to the nutrition they need each day.

Performance outcomes:

By funding this request, 701,000 students will be able to rely on nutritious school meals at no out-of-pocket cost each day. School districts across the state operating CEP or Meals for Kids schools will be able to continue running their programs and spending time focusing on improving meal quality and producing healthy, nutritious meals for their students.

Benefits of no-cost meal programs 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.

OTHER COLLATERAL CONNECTIONS

Intergovernmental:

None.

Stakeholder impacts:

None.

Legal or administrative mandates:

None.

Changes from current law:

N/A

State workforce impacts:

N/A

State facilities impacts:

N/A

Puget Sound recovery:

N/A

Governor's salmon strategy:

N/A