



# Adjusting Funding to Maintain Access to No-Cost School Meals

## 2025–27 Operating Budget Decision Package

### RECOMMENDATION SUMMARY

During the current 2024–25 school year, nearly 70% of students in Washington state attend a school that provides free meals to every child enrolled. Known as the Community Eligibility Provision (CEP), school-wide no-cost meals programs are primarily funded by the federal government on a reimbursement model; however, state dollars supplement federal funding to ensure that these programs are financially viable for districts. Recent changes in the federal reimbursement rates, more schools operating under CEP, and increased meal participation has increased state costs, and the Office of Superintendent of Public Instruction (OSPI) requests additional funding to continue these programs.

### FISCAL DETAIL

Operating Expenditures	FY 2026	FY 2027	FY 2028	FY 2029
Fund 001-1 (Program 025)	\$17,561,000	\$17,561,000	\$17,561,000	\$17,561,000
<b>Total Expenditures</b>	\$17,561,000	\$17,561,000	\$17,561,000	\$17,561,000
<b>Biennial Totals</b>	<b>\$35,122,000</b>		<b>\$35,122,000</b>	
Staffing	FY 2026	FY 2027	FY 2028	FY 2029
FTEs	0.0	0.0	0.0	0.0
<b>Average Annual</b>	<b>0.0</b>		<b>0.0</b>	
Object of Expenditure	FY 2026	FY 2027	FY 2028	FY 2029
Obj. N	\$17,561,000	\$17,561,000	\$17,561,000	\$17,561,000
Revenue	FY 2026	FY 2027	FY 2028	FY 2029
Fund 001-1	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Revenue</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Biennial Totals</b>	<b>\$0.00</b>		<b>\$0.00</b>	

### PACKAGE DESCRIPTION

State law under 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 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, called *Meals for Kids Schools*, that are not eligible for CEP but where at least 30% of the student enrollment is FRPL-eligible to provide meals at no cost to all students enrolled in those 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 model. School districts are reimbursed 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 FRPL, 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 were eligible 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-on-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 CEP 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, 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 per year in the 2025–27 Biennial Operating budget to account for the additional schools participating in CEP and *Meals for Kids* programs, to cover the expected increase in per-meal costs in future years based on the known rates for the 2024–25 school year, and to fund increased student participation in meals programs available in their schools. Additionally, OSPI requests the Legislature confirm that no cost meal programs should be treated as entitlements, and the creation of a budgeting mechanism to account for year-on-year variances in needed funding.

### **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 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 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.

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 being a “free kid,” 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 in the upcoming school years 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 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.

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

\*CEP schools do not have *Paid* students because meal reimbursement is based on a multiplier using the school 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 can support our students' readiness to learn. Additionally, providing meals to all students through 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 run their programs and spend 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 the 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:**

None.

### **State workforce impacts:**

None.

### **State facilities impacts:**

None.

### **Puget Sound recovery:**

N/A

### **Governor's salmon strategy:**

N/A

## **OTHER SUPPORTING MATERIALS**

None.

### **Information technology (IT):**

N/A