



## Position of the School Nutrition Association on Section 205: Paid Meal Price Equity

### Position Statement

*The Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296) will allow schools to improve the nutritional environment, reduce unrelated expenses, increase reimbursement rates and make other important changes to the programs. Section 205 ...*

### Issue

Section 205, “Equity in School Meal Pricing”, of the Healthy, Hunger-Free Kids Act of 2010, P.L. 111-296, requires schools to raise school meal prices to be more in line with the Federal reimbursement rates.

### Background

Effective July 1, 2011, schools will be required to increase the price of paid meals if the price charged is less than the difference between the Federal reimbursements rate for free meals and paid meals (Healthy, Hunger-Free Kids Act of 2010, Section 205, “Equity in School Meal Pricing”). This marks the first time since the National School Lunch Act was signed by President Truman in 1946 that the Federal Government will dictate what local schools charge for a lunch when a student’s family income is above 185% of the poverty line. (Schools may elect to raise the difference in revenue that is required from other sources of funds if they are available).

The National School Lunch Act was established to encourage (but not require) local schools to provide school lunches to students as part of the school day. The federal government encouraged schools to participate by providing a grant-in-aid, or federal reimbursement, based upon the total number of lunches served in school WITHOUT REGARD TO THE INCOME OF THE CHILD. This grant-in-aid was, and continues to be, general support for the school lunch program provided through Section 4 of the Act. The money is used to purchase equipment and for the general support of the program. It is totally separate from the

other funding that is linked to the income of the children and provided to cover the costs of free and reduced price meals served. Currently, free meals are provided to children with family income below 130% of poverty, and reduced price meals (40 cents) are provided to children with family income between 130% and 185% of the poverty line. These funds are supplemented with USDA commodity assistance, funding for state agencies and other various support mechanisms.

### Implications and Recommendations

In 1981, the Reagan Administration made the argument that the Section 4 grant-in-aid was an unnecessary subsidy to non-poor children and no longer necessary. They proposed to eliminate Section 4 but Congress instead reduced it by 11 cents per meal. Schools were forced to raise the price to “paying children” and participation in the program dropped by nearly 3,000,000 students. A 1988 report by the House Education and Labor Committee, noted that “...the cut in Section 4 payments affected all school lunch participants – not just the paying child – because many schools decided to drop the program entirely.” Approximately 3,000 schools ended their participation in the program following the reduction in Section 4. It took nearly thirty years for school meal participation to return to the levels they were at in 1981 before the cuts.

While the newly enacted Section 205, the Equity Pricing provision, is not a cut in federal support, by forcing local schools to

increase the price of a lunch above what the local Board of Education feels is best for the community it may well have the same effect. We expect students to be priced out of the program and some schools may well leave the federal program. When that happens, all students lose access to a federal school lunch, including poor students. Section 205 will phase in the price increase but the federal government should leave this decision to local authorities.

This provision stands in stark contrast to national nutrition standards. Children, physiologically, need the same nutrients no matter where they live, but economic conditions vary significantly from county to county. For this reason, the price of a lunch should be left to local officials.

In addition, this section of the law fundamentally changes the structure of the program. It has the practical effect of turning one school lunch program, and one financial account, into three lunch programs. It states that each lunch category (free, reduced and paid) must be autonomous and financially independent, and does not allow cross-subsidies or the

establishment of separate accounts. Equity Funding will greatly increase the administrative cost of the federal program, and will further discourage schools from participating in the program.

In short, the Equity Funding provision undermines the original grant-in-aid that has effectively attracted local schools into the program since 1946. It is a major change in policy.

#### **Direction for SNA**

- Advocate for full funding for nutrition education efforts
- Support comprehensive health education programs
- Disseminate health messages through menus and other efforts to parents and caregivers
- Support physical activity efforts within the student's environment
- Membership to set a good personal example

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