



2015 Position Paper Reauthorization of the Healthy, Hunger-Free Kids Act

Increase the per meal reimbursement for school breakfast and lunch by 35 cents to ensure School Food Authorities (SFAs) can afford to meet federal requirements.

Since passage of the Healthy, Hunger-Free Kids Act of 2010, new regulations and rising food and labor costs have drastically increased the cost of preparing school meals, threatening the financial sustainability of meal programs and limiting their ability to invest in further menu improvements.

Meal programs are prohibited from carrying losses over from one school year to the next. When these programs can't cover their costs, school districts must pick up the tab, to the detriment of all students.

[USDA estimates](#) the new standards will cost school districts \$1.2 billion in additional food and labor expenses in Fiscal Year 2015 alone. As a result, a recent SNA [survey](#) found that more than half of school meal program operators anticipate their program expenses will exceed revenue this school year. Only 18% anticipate their programs will break even, while 29% are unsure.

This financial crisis is likely to deepen. Ninety-two percent of respondents reported that rising costs pose a “serious” or “moderate” challenge to their programs, with 70% indicating “serious.”

Declining student lunch participation adds to the financial pressure on school meal programs by reducing revenue when costs are rising. **[USDA data](#) shows student lunch participation is down by 1.4 million per day since 2012, when the new standards took effect.**

In SNA's [survey](#), 75% of school nutrition operators reported that decreased lunch participation is a “serious” or “moderate” challenge for their programs, with 52% indicating “serious.” The [Government Accountability Office](#) affirmed that the new standards influenced this decline in participation.

When Congress drafted the Healthy, Hunger-Free Kids Act of 2010, SNA requested a 35 cent per meal increase in the federal reimbursement to help cover the cost of preparing and serving school meals. Congress provided an additional six cents for lunch, but no additional reimbursement for breakfast, leaving many school meal programs financially compromised.

Congress must increase the federal reimbursement rates so schools can afford to meet the new regulations. Prior to implementation of any new legislation and regulations, Congress should provide full funding to cover all related costs identified through economic analysis.