

GAO

Report to the Chairman, Committee on
Education and Labor, House of
Representatives

July 2009

SCHOOL MEAL PROGRAMS

Experiences of the States and Districts That Eliminated Reduced-price Fees



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Highlights of [GAO-09-584](#), a report to the Chairman, Committee on Education and Labor, House of Representatives

Why GAO Did This Study

In fiscal year 2008, about 31 million children participated in the National School Lunch Program and more than 10 million children participated in the School Breakfast Program each school day. The U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) spent \$11.7 billion on the school meal programs in that year. The majority of school meals are provided for free or at a reduced price to low-income students. Some states and school districts have chosen to implement programs that eliminate the reduced-price fee (known as ERP programs) and instead provide free meals to students eligible for the reduced fee. GAO was asked to provide information on (1) what is known about the states and districts that have eliminated the reduced-price fee for school meals, (2) the experiences of states and districts that have ERP programs with respect to participation, errors, and costs, and (3) the factors that may help or hinder the establishment or continuation of ERP programs. To obtain this information, GAO interviewed FNS officials, interviewed officials from state- and district-level programs, and conducted a Web-based survey of the 35 districts identified as having ERP programs. However, because the universe of ERP programs is unknown, survey results cannot be generalized to all districts with ERP programs. USDA did not provide formal written comments, but FNS provided technical comments, which were incorporated where appropriate.

[View GAO-09-584 or key components.](#)
For more information, contact Kay E. Brown, (202) 512-7215, brownke@gao.gov.

SCHOOL MEAL PROGRAMS

Experiences of the States and Districts That Eliminated Reduced-Price Fees

What GAO Found

GAO identified 5 states and an additional 35 school districts in 19 other states that eliminated the reduced-price fee for school meals, primarily to increase participation or reduce hunger. States and districts eliminated reduced-price fees for either breakfast or lunch or, in some cases, for both meals. Further, some ERP programs included all grades, and some covered only the early school years.

One state- and most district-level officials GAO interviewed or surveyed reported that ERP programs have increased the rate of participation among students who are eligible for reduced-price meals. Participation may increase for a number of reasons; however, for those districts that implemented ERP programs in the most recently completed school year (2007-2008) and provided participation data, their average increase in the participation rate among reduced-price-eligible students was greater than the national change in this rate over the same year. ERP programs involve additional costs to states and districts, as they bear the cost of the reduced-price fees that these students otherwise would have paid. For the state and district ERP programs that experienced increased participation, FNS reimbursements, and thus federal costs, also increased. While the increased reimbursements partially offset program costs, state ERP programs covered their remaining costs with state funds and districts used a variety of revenue sources. The majority of district-level officials reported that their districts experienced benefits from the ERP programs, such as a decrease in the burden on staff to collect unpaid meal fees from reduced-price-eligible students who received school meals but who charged these meals and built up a balance of unpaid meal fees.

State officials GAO interviewed cited support from legislators and nonprofit organizations in establishing ERP programs in state law. Supportive school boards and superintendents were a major factor in establishing district-level programs. Most state officials indicated that a loss of state funding would threaten program continuation, while some district-level officials indicated they would try to raise additional revenue or reduce expenditures to cover program costs. As of late 2008, officials from all 5 states and most district-level ERP programs planned to continue their programs.

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Abbreviations

ERS	Economic Research Service
ERP	elimination of the reduced-price fee
FNS	Food and Nutrition Service
FRAC	Food Research and Action Center
LEA	local educational agency
NSLP	National School Lunch Program
SBP	School Breakfast Program
SFA	school food authority
SNA	School Nutrition Association
SNAP	Supplemental Nutrition Assistance Program
TANF	Temporary Assistance for Needy Families
USDA	U.S. Department of Agriculture

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United States Government Accountability Office
Washington, DC 20548

July 17, 2009

The Honorable George Miller
Chairman
Committee on Education and Labor
House of Representatives

Dear Mr. Chairman:

In fiscal year 2008, about 31 million children participated in the National School Lunch Program (NSLP) and more than 10 million children participated in the School Breakfast Program (SBP) each school day.¹ The school meal programs are administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) through state agencies that, in turn, oversee local school food authorities (SFA). SFAs that participate in the lunch and breakfast programs receive federal cash reimbursements through the state agency for each meal they serve. USDA spent \$11.7 billion on these programs in fiscal year 2008. The majority of school meals served through the NSLP and SBP are provided to low-income students. Depending on their household income and other factors, students receiving school meals pay either the full meal price or a reduced-price fee or receive free meals.² Over half of the school meals served in fiscal year 2008 were provided free to students, and an additional 10 percent were provided at a reduced price.

In 2004, Congress authorized a pilot project to assess the effects of eliminating the reduced-price fee for school lunch and breakfast and providing free meals to students who are eligible for reduced-price meals.³ At that time, some Members of Congress expressed concern about reports from school boards across the country that many parents were finding it increasingly difficult to pay the reduced-price fee for school meals. Although funds have not been appropriated to support this pilot project, some states and school districts have chosen to implement their own initiatives that eliminate the reduced-price fee and provide free meals to

¹Some of these children participated in both the SBP and the NSLP.

²School districts are required to determine whether students are eligible for free or reduced-price meals based on federal poverty guidelines.

³Pub. L. No. 108-265.

students who are eligible for reduced-price meals (known as ERP programs).⁴ Specifically, these states and school districts do not collect reduced-price fees from students who are eligible for reduced-price meals. Instead, states and school districts with ERP programs bear the cost of the reduced-price fees—not more than 40 cents for each lunch and 30 cents for each breakfast served—that otherwise would have been paid by students. However, these states and districts still collect full-price meal fees from other students and still receive a cash reimbursement from FNS for each meal they serve, based on the type of meal served (lunch or breakfast) and the meal category (free, reduced price, or full price). States and districts with ERP programs are reimbursed at the reduced-price rate for the meals that they provide free to reduced-price-eligible students.

To provide a better understanding of the experiences of states and school districts with ERP programs, this requested report presents information on the following questions: (1) What is known about the state and local jurisdictions that have eliminated the reduced-price fee for the school lunch or breakfast programs? (2) What have been the experiences of state and local jurisdictions that have eliminated reduced-price fees with respect to factors such as participation, errors, and costs? (3) What factors may help or hinder the establishment or continuation of programs that eliminate reduced-price fees?

To answer these questions, we identified states and school districts that have implemented ERP programs and collected information about their experiences. In August 2008, FNS provided us with a preliminary list of 4 states with ERP programs and 43 school districts with ERP programs in 16 other states. However, FNS is not necessarily aware of all the states and districts with ERP programs, because states and districts are not required to report this information to FNS. We conducted follow-up with child nutrition officials in Washington, D.C., and the 28 states for which no information was provided, as well as officials in 10 states for which information was incomplete or needed clarification.⁵ We identified 5 states with ERP programs: Colorado, Maine, Minnesota, Vermont, and

⁴ERP programs are not initiated by USDA; states and school districts have chosen to implement these initiatives independently. In addition, while SFAs operate the school meal programs within school districts, we refer to ERP programs as school district initiatives because the decision to implement the program was made at the district level.

⁵As a result of our follow up efforts, we revised the preliminary list of states and districts with ERP programs to include 5 states and 51 districts. However, there may be additional states and districts with ERP programs that we did not identify as part of this study.

Washington. In each of these states, we conducted semistructured phone interviews with state child nutrition officials. We also conducted a Web-based survey of SFA officials in 51 school districts that we initially identified as having ERP programs.⁶ We received survey responses from officials in 44 districts, 35 of whom confirmed that their districts had ERP programs. Our questionnaire asked these officials to describe the ERP programs; the reasons they implemented these programs; the effects of the programs on participation, errors, and costs; and the factors that helped or hindered program implementation. While we did not validate specific information that SFA officials reported in our survey, we reviewed their responses and conducted follow-up as necessary to determine that the data were complete, reasonable, and sufficiently reliable for the purposes of this report. In addition, we conducted site visits with two school districts (Grand Rapids Public Schools, Michigan and Salt Lake City School District, Utah) and semistructured phone interviews with two school districts (Great Neck Public Schools, New York, and Hillsborough County School District, Florida).⁷ We selected these school districts based on the following criteria: (1) variation in the duration of the ERP program, (2) variation in the percentage of students eligible for free or reduced-price meals, and (3) variation in location and city size. In each of these districts, we interviewed SFA officials responsible for administering the school meal programs. In addition to collecting information from states and school districts with ERP programs, we interviewed officials at FNS and USDA's Economic Research Service (ERS), as well as representatives of child nutrition advocacy organizations and professional associations, and reviewed relevant studies. We also conducted semistructured phone interviews with SFA officials in 2 school districts we identified that had discontinued ERP programs. We are not aware of any prior research that has rigorously studied ERP programs at the state or district level. See appendix I for more information on our scope and methodology.

We conducted our work from August 2008 to July 2009 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted,

⁶The districts we surveyed were not located in states with statewide ERP programs.

⁷SFA officials in all 4 of these districts also responded to our survey.

provide a reasonable basis for any findings and conclusions in this product.

Background

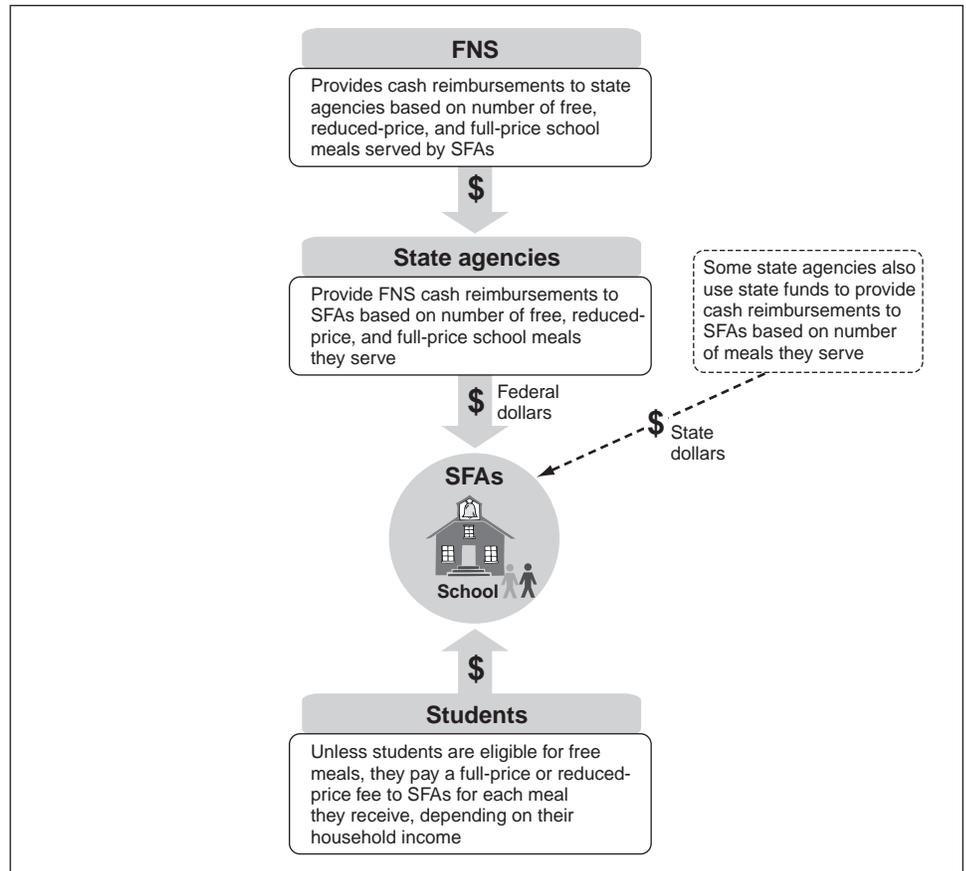
National School Lunch Program and School Breakfast Program Structure

The two largest federal school meal programs, the NSLP and the SBP, aim to address problems of hunger, food insecurity, and poor nutrition by providing nutritious meals to children in schools. The NSLP, established in 1946, and the SBP, permanently established in 1975, provide nutritionally balanced low-cost or free lunches and breakfasts in participating schools. At the federal level, these programs are administered by FNS as part of its strategic goal to improve the nation's nutrition and health, and the department has laid out plans to increase access to, and utilization of, these school meal programs.

At the state level, the NSLP and SBP are typically administered by state education agencies, which operate the programs through agreements with SFAs.⁸ SFAs, in turn, administer the school meal programs at individual schools. SFAs must offer meals that meet federal nutritional requirements, operate the food service on a nonprofit basis and follow the record-keeping and claims procedures required by USDA. As shown in fig. 1, SFAs receive cash reimbursements from FNS through the state agency for each meal they serve, based on the type of meal served (lunch or breakfast) and the meal category (free, reduced price, or full price). In addition, unless they are eligible for free meals, students pay a full-price or reduced-price fee to SFAs for each meal they receive, depending on their household income. To supplement the federal reimbursement, some state agencies also use state funds to provide cash reimbursements to SFAs based on the number of meals they serve.

⁸The jurisdiction of SFAs usually corresponds to school district areas but can also correspond to single schools or groups of school districts.

Figure 1: Flow of School Meal Program Revenue to SFAs



Sources: GAO; images, Art Explosion.

In school year 2008-2009, FNS per meal reimbursement rates ranged from 24 cents for a full-price lunch to \$2.57 for a free lunch (see table 1).⁹

⁹In addition to receiving cash reimbursements, SFAs are entitled to receive commodity foods from FNS for the school lunch program based on the number of meals they serve.

Table 1: FNS Per Meal Reimbursement Rates for the NSLP and SBP, School Year 2008-2009

Meal Category	Lunch	Breakfast
Free	\$2.57	\$1.40
Reduced price	2.17	1.10
Full price	0.24	0.25

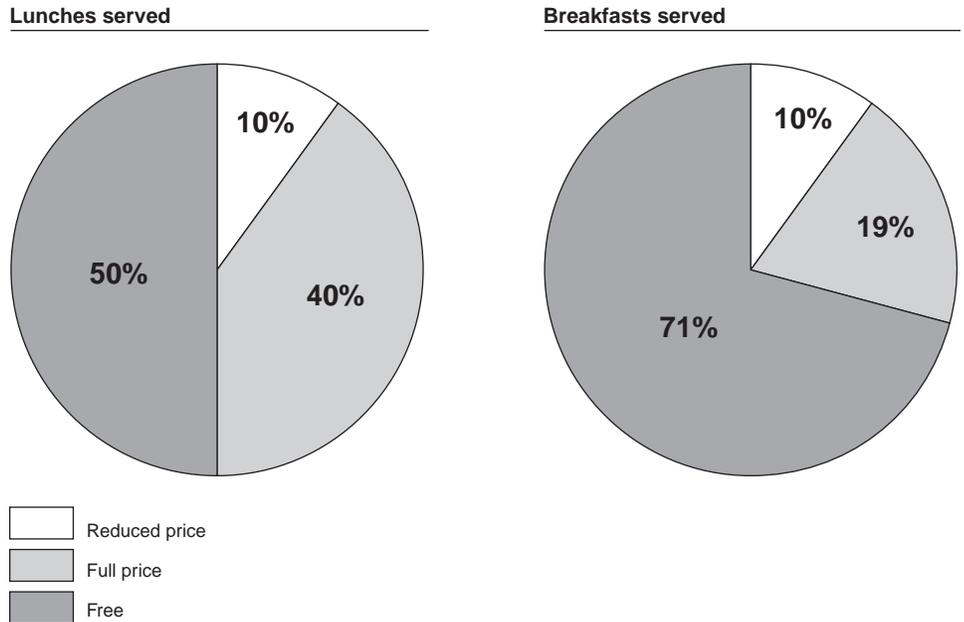
Source: USDA/FNS.

Note: The rates included in this table are the minimum reimbursement rates, and SFAs with high percentages of low-income students may receive higher per meal reimbursement rates. In addition, the rates included in this table apply to the contiguous United States. In Alaska and Hawaii, reimbursement rates are higher due to a higher cost of living in these areas.

Free and Reduced-price School Meals for Low-Income Students

The majority of the meals served through the NSLP and SBP are provided for free or at a reduced price to low-income students. In fiscal year 2008, about half of the school lunches served were provided for free and about 10 percent were provided at a reduced price. Similarly, about 71 percent of the school breakfasts served were provided for free and about 10 percent were provided at a reduced price (see fig. 2). The laws governing the school lunch and breakfast programs establish maximum charges for reduced-price meals, but SFAs set their own fees for full-price meals.

Figure 2: Percentage of School Lunches and Breakfasts Served by Meal Category, Fiscal Year 2008



Source: USDA/FNS.

School districts are required to determine whether students are eligible to receive free or reduced-price school meals based on federal poverty guidelines.¹⁰ Students are eligible for free meals if their household income is less than or equal to 130 percent of the federal poverty level, or if they are homeless, runaway, or migrant, as defined in the law. Students are eligible for reduced-price meals if their household income is greater than 130 percent and less than or equal to 185 percent of the federal poverty level (see table 2). Typically, parents submit school meal applications to school districts each school year, including self-reported household income, household size, and information on whether the household participates in any other federal nutrition assistance programs. Districts review school meal applications and certify students as being eligible for

¹⁰According to FNS officials, for the purpose of the school meal programs, the term “local educational agency” (LEA or the district) is primarily used for discussing certification and verification requirements and is used in this context to more clearly convey that the information an LEA gleans from the school meal programs is used for other purposes within the LEA. The term “school food authority” is more commonly used for purposes of operating the school meals program, such as when discussing agreements or nutritional requirements.

free or reduced-price meals, and are required by FNS to annually verify the accuracy of their eligibility determinations for a sample of free and reduced-price meal applicants.¹¹ If students' household income is above 185 percent of the federal poverty level, they pay the full-price fee for school meals set by the SFA.

Table 2: Income Eligibility Guidelines for Free and Reduced-price Meals for Selected Household Sizes, School Year 2008-2009

Household size	Federal poverty guideline (annual income)	Income eligibility for free meals (at or below 130% of poverty)	Income eligibility for reduced-price meals (greater than 130% and at or below 185% of poverty)
1	\$10,400	0 to \$13,520	\$13,521 to \$19,240
2	14,000	0 to 18,200	18,201 to 25,900
3	17,600	0 to 22,880	22,881 to 32,560
4	21,200	0 to 27,560	27,561 to 39,220
5	\$24,800	0 to \$32,240	\$32,241 to \$45,880

Source: USDA/FNS.

According to USDA, nearly half of the households that received free or reduced-price school lunches from mid-November to mid-December 2007 faced food insecurity, in that they had difficulty providing enough food for all their members because of a lack of resources. Specifically, ERS analyzed data from an annual food security survey conducted by the U.S. Census Bureau in December 2007 and found that 47 percent of the households that received free or reduced-price school lunches in the month prior to the survey faced food insecurity at some time during 2007.¹² Overall, ERS found that the NSLP reached 33.6 percent of the 13 million food insecure households in the United States in the month prior to the survey.

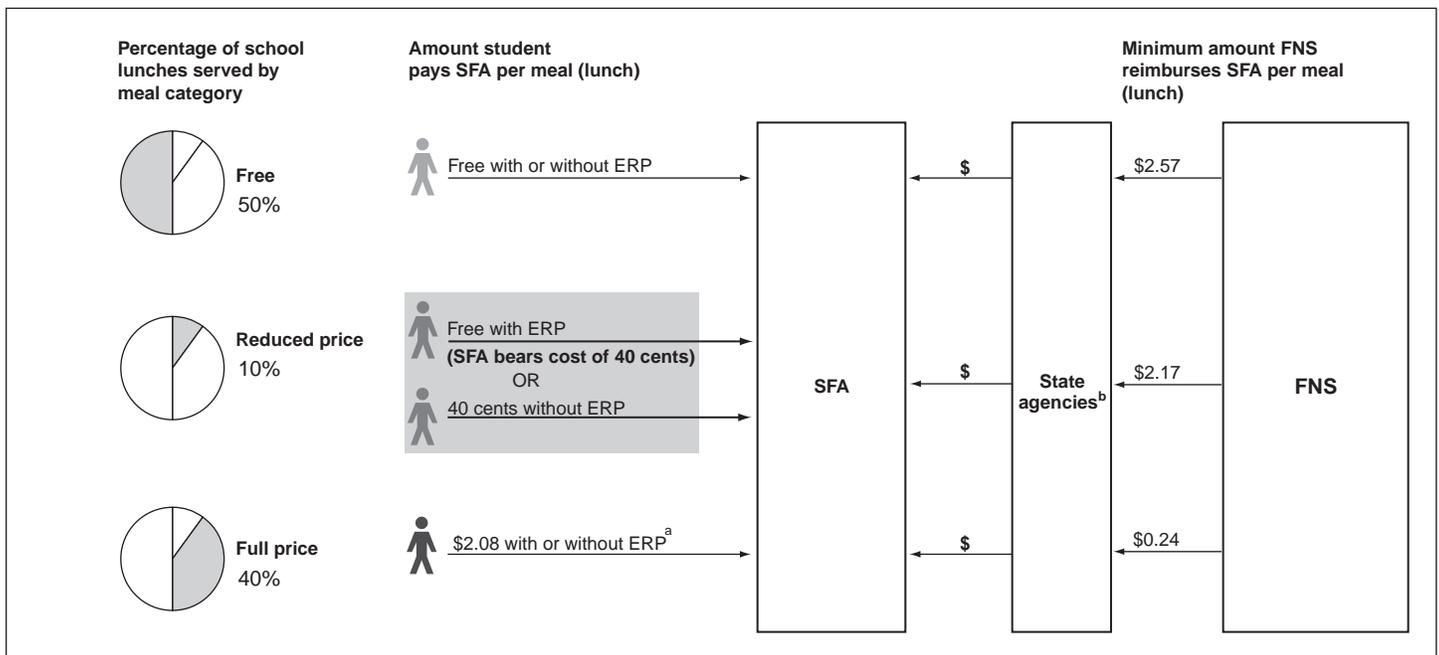
¹¹In some cases, parents are not required to submit annual school meal applications to districts. Under the direct certification process, students whose households participate in other government assistance programs such as the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) are automatically certified as being eligible to receive free meals through administrative records.

¹²ERS analyzed data from an annual food security survey sponsored by USDA and conducted by the U.S. Census Bureau as a supplement to the monthly Current Population Survey. The 2007 food security survey covered about 45,600 households and was a representative sample of the U.S. civilian population of 118 million households. ERS found that 11.1 percent of U.S. households, or 13 million households, were food insecure in 2007.

Student Meal Fees and Federal Reimbursements in a District ERP Program

While a typical school district participating in the NSLP or SBP collects fees from eligible students who receive reduced-price meals, districts with ERP programs have chosen to provide free meals to reduced-price-eligible students and bear the cost of the reduced-price fees that these students otherwise would have paid (for a comparison of fees and reimbursements for districts with and without an ERP lunch program, see fig. 3). Both typical school districts and districts with ERP programs collect full-price meal fees from other students and receive a cash reimbursement from FNS for each meal they serve, based on the type of meal served (lunch or breakfast) and the meal category (free, reduced price, or full price).

Figure 3: Comparison of Fees and Reimbursements for a District with an ERP Lunch Program and a District without an ERP Lunch Program



Source: GAO analysis; images, Art Explosion.

^aSFAs set their own fees for full-price meals. The example of a full-price lunch fee provided in the table, \$2.08, represents the average of the elementary, middle, and high school lunch fees reported to the School Nutrition Association by 46 SFAs for the 2008-2009 school year.

^bState agencies receive reimbursements from FNS and provide these reimbursements to SFAs. Some state agencies also use state funds to provide an additional reimbursement to SFAs based on the number of meals they serve.

Recent Trends in School Meal Program Participation

As shown in table 3, in recent years, participation in school meals has increased overall and among students in all three meal categories.¹³ A variety of factors may affect the number of students participating in school meals, such as economic conditions, changes in student enrollment, improvements in food quality and meal choices, and school meal program marketing efforts.

Table 3: Increases in Student Participation in School Lunch and Breakfast, by Meal Category, Fiscal Years 1998 to 2008

	1998	2008
Lunch		
Free	13.0 million	15.4 million
Reduced price	2.2 million	3.1 million
Full price	11.4 million	12.5 million
Total	26.6 million	31.0 million
Breakfast		
Free	5.6 million	7.5 million
Reduced price	0.5 million	1.0 million
Full price	1.0 million	2.1 million
Total	7.1 million	10.6 million

Source: GAO analysis of USDA/FNS data.

Despite these increases in participation, some students who are certified as being eligible to receive free or reduced-price meals do not participate in school meals, as shown in figure 4. According to FNS, in fiscal year 2008, about 81 percent (15.4 million) of the approximately 19 million students certified as eligible for free meals participated in school lunch and about 39 percent (7.5 million) of these students participated in school breakfast.¹⁴ Similarly, about 72 percent (3.1 million) of the approximately 4.3 million students certified as eligible for reduced-price meals

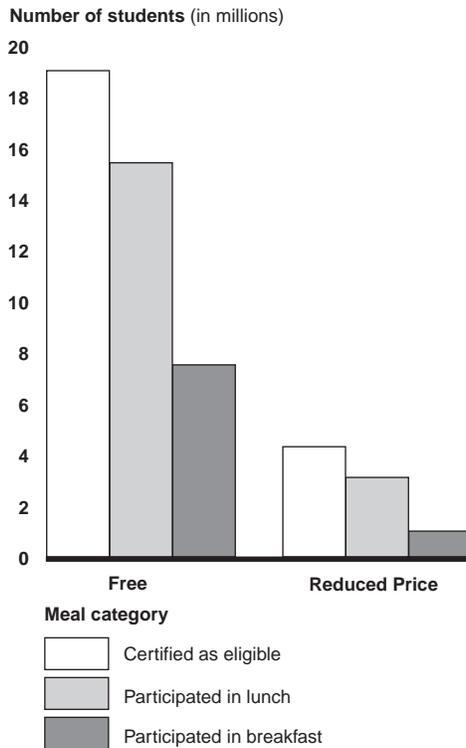
¹³By participation in school meals, we mean the number of students that receive school meals rather than the number of meals served. FNS calculates school meals participation for each fiscal year as a 9-month average that excludes the summer months. FNS tracks total participation as well as participation by meal category (free, reduced price, and full price).

¹⁴The FNS certification data reflect the number of students certified for free or reduced-price meals in October 2007, while the FNS participation data reflects the average number of students who participated in school lunch and breakfast per month from September 2007 to May 2008.

participated in school lunch, and about 24 percent (1 million) of these students participated in school breakfast. A recent Mathematica Policy Research study identified school type (elementary school, middle school, or high school) and student attitudes toward school meals as factors affecting both the breakfast and lunch participation of students who are certified as eligible for free or reduced-price meals.¹⁵ This study found that when controlling for other factors, high school students are less likely to participate in school meals than middle school students, and middle school students are less likely to participate in school meals than elementary school students. This study also found that students who are satisfied with the taste of school meals are much more likely to participate in school meals than students who are not.

¹⁵Quinn Moore, Lara Hulsey, and Michael Ponza. "Factors Associated with School Meal Participation and the Relationship Between Different Participation Measures." Final report submitted to the U.S. Department of Agriculture, Economic Research Service. Princeton, N.J.: Mathematica Policy Research, Inc., May 2009.

Figure 4: Participation of Certified Eligible Students in School Lunch and Breakfast, by Meal Category, Fiscal Year 2008



Source: GAO analysis of USDA/FNS data.

Universal Free Meals Programs

Some individual schools and districts have implemented programs that provide free meals to all students regardless of income. These schools and districts still receive a cash reimbursement from FNS for each meal they serve, based on the type of meal served (lunch or breakfast) and the meal category (free, reduced price, and full price) and are still required to determine student eligibility for free and reduced-price meals and report the number of meals they serve by meal category. However, these schools and districts do not collect reduced-price fees or full-price fees from students and therefore need to make up for this lost revenue in other ways. Because the federal reimbursement is significantly higher for free and reduced-price meals than for full-price meals, these programs may not be as costly an alternative for schools with a very high percentage of students eligible for free or reduced-price meals schools relative to schools with a lower percentage of these students. Two USDA special assistance provisions of the NSLP and the SBP allow participating schools

and districts to provide reimbursable, universal free meals to all participating students regardless of their household income.¹⁶ These special assistance provisions are intended to reduce the administrative burden for individual schools and districts by allowing them to process school meal applications and determine eligibility for free and reduced-price meals less frequently. For additional information about universal free meals programs, see appendix II.

Some States and Districts Eliminated the Reduced-price Fee to Increase Participation or Reduce Hunger

Acting on their own initiative, at least 5 states and 35 school districts eliminated the reduced-price fee for breakfast, lunch, or both meals in school year 2008-2009, primarily to increase participation or reduce hunger. We identified 5 statewide ERP programs in Colorado, Maine, Minnesota, Vermont, and Washington, and 35 district-level programs in 19 other states out of approximately 14,000 districts nationwide.¹⁷ (See fig. 5.)

¹⁶These special assistance provisions are known as Provision 2 and Provision 3. However, some districts may choose to provide free meals without electing these provisions.

¹⁷According to the Department of Education's most recent data, there were 13,862 "regular school districts" (excluding education service agencies) operating in school year 2006-2007. Department of Education, National Center for Education Statistics, *Numbers and Types of Public Elementary and Secondary Education Agencies From the Common Core of Data: School Year 2006-07, First Look* (Washington, D.C.: 2008).

Figure 5: State- and District-level Programs That Eliminated Reduced-price Fees



Sources: GAO survey; map, Map Resources.

The 5 state programs included more than 1,400 districts. The states and districts with ERP programs included both small and large districts based on student enrollment, with an average percentage of reduced-price-eligible students similar to the national average of 9 percent across nearly 14,000 districts. (See table 4.)

Table 4: Profile of State- and District-level ERP Programs

Characteristic		District-level ERP programs	State-level ERP programs
Number of school districts		35	1,456
Number of states		19	5
Student enrollment (range) ^a		290-187,070	92,572-1 million
Percentage of students eligible for reduced-price meals	Range	2.8-15.8	7.2-12.0
	Average	9.3	8.8
School year ERP program began	Range	1987-1988 to 2008-2009 ^b	2003-2004 to 2008-2009
	Median	2004/2005 ^b	2007/2008

Source: GAO survey and state interviews.

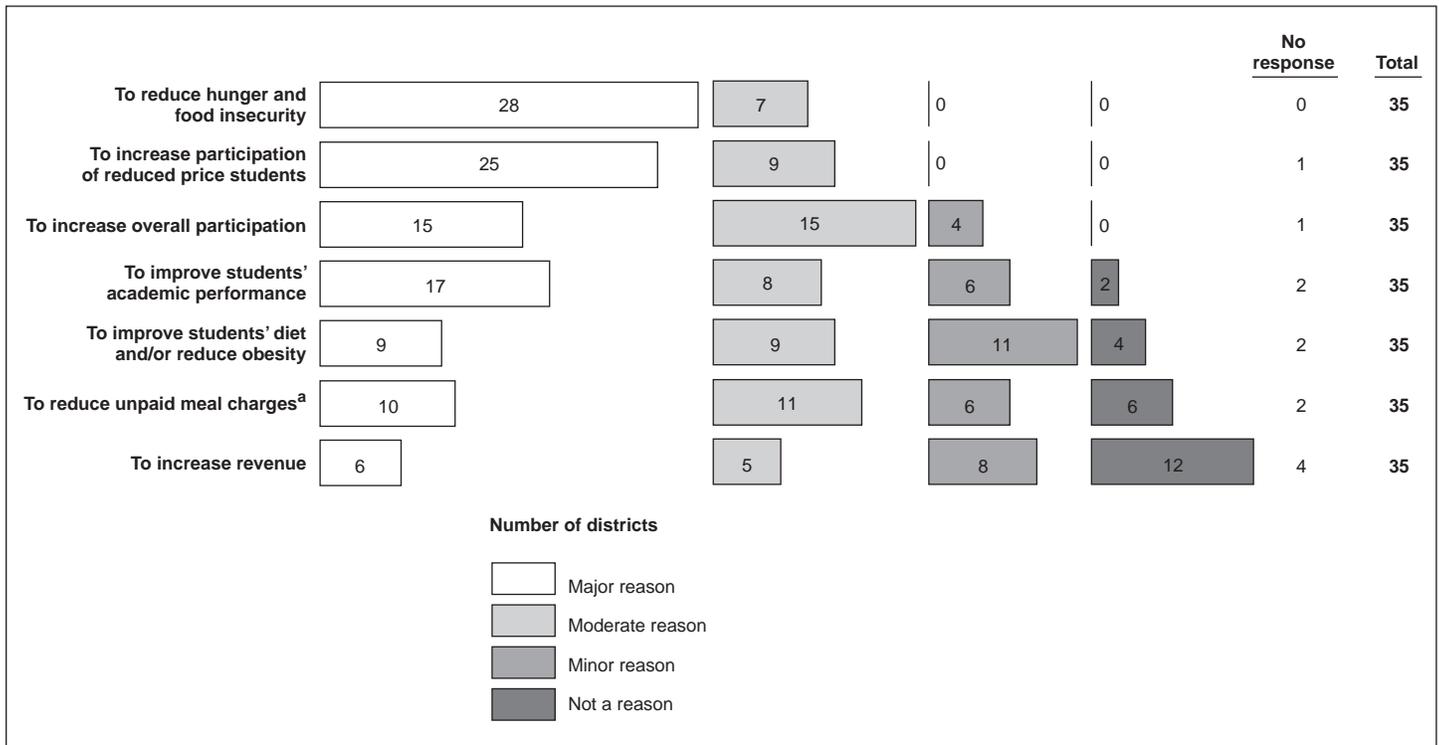
^aThe range shown is district student enrollment for district-level ERP programs and statewide student enrollment for state-level ERP programs.

^bThe range and the median for the district-level programs are based on 33 districts. Two of the 35 districts did not provide the year their programs began.

State- and district-level officials we interviewed most often cited reducing hunger and food insecurity or increasing participation of low-income students as primary reasons for implementing the ERP programs. State officials from 4 of the 5 states cited reducing hunger and food insecurity, through increasing participation of low-income students, as the primary reason for implementing the ERP programs. For example, an official in 1 of the 5 states said the state had ranked high in the nation for hunger and food insecurity several years ago, and the official thought the ERP program would be one way to help address this problem. Similarly, in our survey, almost all district officials cited reducing hunger and food insecurity and increasing participation of reduced-price-eligible students as major or moderate reasons for implementing the ERP programs as well. (See fig. 6.) SFA officials we interviewed in one district said the district started its ERP program to help those students who were not eating breakfast or lunch because their families could not afford either meal, even at the reduced price, much less both meals.

Some state- and district-level officials we interviewed or surveyed also cited the intention to improve academic performance and increase overall participation as major reasons for implementing these ERP programs. One state implemented its statewide program primarily in response to the view that eating breakfast is related to academic success.

Figure 6: Reasons Most Often Cited for Implementation of District-level ERP Programs



Source: GAO survey.

^aOfficials explained that, prior to the implementation of the ERP program, students who were unable to pay the reduced-price fee would charge these meals and build up a balance of unpaid meal fees.

States and districts implemented ERP programs in various ways. For example, state- and district-level officials said they eliminated reduced-price fees for either breakfast, lunch, or both meals. (See table 5.)

Table 5: Meals Served in State- and District-level ERP Programs

Meals served	Number of states	Number of districts
Breakfast only	3	12
Lunch only	0	4
Breakfast and lunch	2	19
Total	5	35

Source: GAO survey and state interviews

There was also some variation in the grades included in the state- and district-level ERP programs. Officials from all 5 states we interviewed and most of the 35 districts we surveyed eliminated the reduced-price fee for at least one meal in all grades. However, Colorado and Washington provided free lunch to reduced-price-eligible students in specific grades in addition to breakfast for all grades; Colorado's lunch ERP program was limited to kindergarten through second grade, and in Washington ERP lunch was limited to kindergarten through third grade. One district ERP program was limited to eighth grade and below, and some district ERP programs included preschool, while others did not.

In addition, some states and districts used ERP programs in combination with other free meal programs. Four of the 5 states with ERP programs included schools or districts with universal free meal programs. For example, while Colorado schools provide ERP for breakfast, Denver Public Schools, the state's largest school district, has offered universal free breakfast for the last few years. Thirteen of the 35 districts with ERP programs for one meal also had universal programs for the other meal. For example, the Hillsborough County School District in Florida provides lunch through its ERP program but has also offered free breakfast to all students through a universal free meals program since 2002. Unlike ERP programs that only subsidize the fees paid by students eligible for reduced-price meals, universal free meal programs also subsidize the fees paid by students for full-price meals, and the cost is borne by the SFA.

One State and Most Districts That Eliminated the Reduced-price Fee Reported Increased Participation, Which Partially Offset Program Costs

One State and Most Districts with ERP Programs Reported Increased Participation, and Most Districts Observed No Effect on Administrative Errors

One state official and SFA officials in most districts we surveyed reported that their ERP programs have increased the rate of participation among students who are eligible for reduced-price meals.¹⁸ For example, according to a Washington official, after the state implemented its ERP program for school breakfast in September 2006, the breakfast participation rate of reduced-price-eligible students increased from about 19 percent (15,373 students) in October 2005 to about 25 percent (21,644 students) in October 2006. In addition, officials in Maine and Vermont, which both implemented state ERP programs in September 2008, told us preliminary data suggest that these programs have increased the participation of reduced-price-eligible students.¹⁹ Similarly, in our school district survey, SFA officials in 28 of the 31 districts with ERP breakfast programs reported that these programs have increased the participation of reduced-price-eligible students in school breakfast, while officials in 2 districts reported no change in breakfast participation and one district official did not know whether breakfast participation had changed. Officials in 20 of the 23 districts with ERP lunch programs reported that these programs have increased the participation of reduced-price-eligible students in school lunch, while again officials in 2 districts reported no change in lunch participation and one district official did not know

¹⁸By students who are eligible for reduced-price meals, we mean students whom school districts have certified as being eligible for these meals under federal poverty guidelines.

¹⁹Officials in the other two states we identified with ERP programs—Colorado and Minnesota—did not provide us with data on the number of reduced-price-eligible students who receive school meals.

whether lunch participation had changed.²⁰ In a separate survey question, some SFA officials provided data indicating that the rate of participation among reduced-price-eligible students increased, on average, by 9 percentage points in breakfast and 11 percentage points in lunch, since their ERP programs were implemented (see table 6).²¹

Table 6: District-level ERP Programs: Change in School Meal Participation Rates among Reduced-price-eligible Students since ERP Program Was Implemented

(In percentage points)

Meal	Minimum change	Average change	Maximum change
Breakfast participation rate of reduced-price-eligible students (N = 14) ^a	0	+9	+32
Lunch participation rate of reduced-price-eligible students (N = 9) ^b	+1	+11	+30

Source: Analysis of GAO survey data.

Note: We calculated the change in participation rates by subtracting the participation rate prior to the implementation of the ERP program from the participation rate in the most recent (2007-2008) school year. Because the school districts we surveyed implemented ERP programs in different school years, they reported changes in participation rates over varying periods of time.

^aSFA officials in 14 districts provided complete data on participation rates before and after the implementation of the ERP program. Of these, officials in 13 districts provided data indicating that the participation rate increased and 1 indicated that the participation rate remained the same.

^bSFA officials in 9 districts provided complete data on participation rates before and after the implementation of the ERP program. Officials in all 9 districts provided data indicating that the participation rate increased.

The increase in the participation rate among reduced-price-eligible students in these districts may not be entirely due to the ERP programs, as participation rates may vary even in districts without ERP programs over time, but at least some of the increases in participation appear to be a

²⁰Of the two districts that reported no change in breakfast participation, one also reported no change in lunch participation.

²¹Some SFA officials responded to the qualitative survey questions about the effect of the ERP programs on the participation of reduced-price-eligible students in school meals but did not provide complete quantitative data on changes in participation rates among these students in other survey questions.

result of the ERP programs themselves.²² SFA officials in districts with ERP programs reported that the average increase in the lunch participation rate among reduced-price-eligible students (11 percentage points) was greater than the average increase in this participation rate among students in the free (5 percentage points) or full-price (5 percentage points) meal categories for their districts. Further, in the four districts that implemented their ERP programs in school year 2007-2008 and provided participation data—2 of these districts had ERP programs for breakfast and lunch, and 2 districts limited their ERP programs to breakfast—the increase in the breakfast participation rate (2 to 11 percentage points) and lunch participation rate (7 to 10 percentage points) among reduced-price-eligible students was greater than the national change in these participation rates (less than a 1 percentage point change each for breakfast and lunch).²³

Two states and most school districts with ERP programs observed no effect on school meal program errors related to student eligibility or meal counting.²⁴ Implementing an ERP program would generally not be

²²We did not collect data on changes in the application rate of students who are eligible for reduced-price meals. As a result, we do not know if implementing ERP programs had any effect on the number of households that applied for school meal benefits.

²³When we conducted our survey from December 2008 to March 2009, the 2007-2008 school year was the most recent school year completed. In our survey, we identified one other program that began in school year 2007-2008, and while the SFA official indicated that both breakfast and lunch participation increased among the reduced-price-eligible students, she did not know the before and after participation rates. For this comparison with national rates, we used the participation rate changes for the 2007-2008 school year because our survey captured the start date for ERP programs but did not capture whether the programs that started in previous years covered breakfast, lunch, or both meals.

²⁴Errors related to student eligibility, also known as certification errors, occur when students are certified to receive free or reduced-price meal benefits for which they are not eligible or are denied benefits for which they are eligible. To verify students' eligibility for free or reduced-price meals, school districts are required to select a small legislatively prescribed sample of applications that have already been approved and to obtain documentation of the households' income or other eligibility criteria. Errors related to meal counting, also known as noncertification errors, occur in the stages between certifying students' eligibility status and reporting meal counts to the state agency for reimbursement, for example, when cashiers improperly determine whether a meal is reimbursable. USDA policies and regulations establish an oversight framework for school meal programs to help ensure accurate meal counting and claiming. State agencies are required to conduct administrative reviews of each SFA's lunch program at least every 6 years, including a review of the meal-counting and -claiming system. At the local level, SFAs are required to conduct annual on-site reviews of the meal-counting and -claiming procedures in each school participating in the lunch program. SFAs are also required to review each school's lunch counts to identify potential errors before submitting meal claims to states. However, these reviews do not provide the quantitative data needed to calculate an error rate.

expected to have an effect on school meal program errors, because school districts and SFAs are required to follow the same administrative procedures regardless of whether or not they collect reduced-price fees. According to FNS officials, districts that eliminated the reduced-price fee are still required to process school meal applications and certify students as being eligible for reduced-price meals under federal poverty guidelines, and SFAs are still required to count the number of reduced-price meals they serve and report this meal count to FNS. In two of the 5 states with ERP programs, officials said they believe that these programs had no effect on school meal program errors. In two other states, officials told us that they were unable to determine whether the ERP programs had an effect on errors.²⁵ In the fifth state, an official said that districts' meal-counting errors increased temporarily because of the implementation of the state ERP program, which required districts to change the way they reported to the state the number of meals served.²⁶ However, this official told us that these errors have since returned to their previous levels. In our survey, SFA officials in 32 of the 35 school districts with ERP programs reported that these programs had no effect on errors related to student eligibility, and officials in 31 districts reported that these programs had no effect on meal-counting errors.

States and Most Districts Covered Their ERP Program Costs through Increased Federal Reimbursements and Other Funding Sources

ERP programs involve additional costs to states and school districts, as well as to the federal government. The state or school district implementing the ERP program bears the cost of the reduced-price fee—no more than 30 cents for each breakfast served and 40 cents for each lunch served—that otherwise would have been paid by reduced-price-eligible students. Across the 5 states with ERP programs, officials told us that the costs for them to implement these programs ranged from about \$144,000 to about \$3 million per year, and across the 4 school districts

²⁵We obtained information on state and district experiences with school meal program errors through interviews with the 5 states with ERP programs, our survey of 35 school districts with ERP programs, and our interviews with four of these districts. States and districts reported their judgments of what effect, if any, ERP programs had on school meal program errors. We did not independently verify documentation of school meal program reviews.

²⁶Specifically, this state implemented an ERP lunch program covering students in selected grades. Before the state implemented this program, districts reported the total number of reduced-price meals served. However, under the ERP lunch program for selected grades, districts were required to begin reporting the number of reduced-price meals served by grade, using a new reimbursement claim form. Some districts either failed to claim these lunches at all or claimed them twice.

with ERP programs we interviewed, SFA officials said that program costs ranged from about \$12,000 to about \$370,000 per year. In addition, both state- and district-level ERP programs involve an additional cost to the federal government because these programs generally lead to increased participation among reduced-price-eligible students, thus increasing the reimbursement that FNS provides to states.²⁷ In addition to the FNS reimbursement, some states also provide a reimbursement to SFAs based on the number of meals they serve. In these cases, the increased participation among reduced-price-eligible students associated with ERP programs involves additional costs to states.

While increased federal reimbursements partially offset program costs for the state and district ERP programs that experienced increased participation, all 5 state ERP programs used state appropriations to cover their remaining program costs, and districts used a variety of revenue sources to manage their remaining program costs. Increased FNS reimbursements can offset program costs when the amount of the per meal reimbursement exceeds the cost to the SFA of producing the meal. In our survey, SFA officials in 21 of the 35 districts with ERP programs said that they received an increased reimbursement amount from FNS as a result of increased participation. For example, an SFA official from the Grand Rapids Public Schools told us that the total additional cost to the district associated with the ERP program is about \$92,000 per year, but the net cost of the program is about \$64,000 per year, because the SFA experienced an increase of about \$28,000 per year in its FNS reimbursement as a result of increased participation. SFA officials in 2 of these 21 districts told us that increased participation also allowed them to obtain additional state funding. For example, because the Salt Lake City School District receives state liquor tax funding based on the number of lunches served by the SFA, the increased participation associated with the ERP program also resulted in additional state funding. While SFA officials in 16 districts told us that the additional revenue from increased participation covered program costs, officials in 3 districts told us that it

²⁷FNS provides cash reimbursements to SFAs through state agencies on a per meal basis. States and districts with ERP programs are reimbursed at the reduced-price rate for the meals that they provide free to reduced-price-eligible students. We did not determine the additional cost to the federal government associated with the state- and district-level ERP programs we identified. A May 2009 Mathematica Policy Research study estimated that if the reduced-price meal category was eliminated nationwide, the additional cost to the federal government would be approximately \$477 million. According to Mathematica, this study's findings suggest that eliminating the reduced-price meal category would increase the participation of reduced-price-eligible students in lunch but not in breakfast.

did not cover program costs, and officials in 2 districts said they did not know whether it covered program costs.²⁸ Several SFA officials told us that their districts covered program costs by supplementing increased reimbursement revenue from FNS with school district revenue from à la carte sales, catering, or other district funds, and one of these officials also reported increasing the full-price meal fee to help cover costs.²⁹ Even so, officials in the 2 districts we identified that had discontinued ERP programs told us they did so because they were unable to continue to cover program costs.

Some SFA officials identified factors that minimized the additional costs associated with implementing ERP programs. A few SFA officials noted that their districts were already bearing the cost of the reduced-price fee for some students prior to implementing ERP programs because reduced-price-eligible students participating in school meals were often unable to pay this fee. For example, an SFA official in 1 district said that over 33 percent of reduced-price-eligible students were receiving meals but were not paying the reduced-price fee. Also, some districts experienced economies of scale because ERP programs increased participation but did not increase their labor costs.³⁰ Specifically, SFA officials in these districts told us that they were able to serve meals to more students without hiring additional staff or increasing work hours for existing staff, because the additional number of meals served at each school was relatively small. Similarly, in our survey, SFA officials in 30 of the 35 districts with ERP programs reported that these programs had no effect on or decreased the overall workload of kitchen and cashier staff at participating schools.

²⁸In addition, an SFA official in one district told us that the ERP program increased school meal program revenue, and said that this additional revenue did not cover program costs, but did not answer the survey question about why revenue increased.

²⁹For GAO reports addressing issues related to the sale of à la carte foods (also known as competitive foods), see GAO, *School Meal Programs: Competitive Foods Are Widely Available and Generate Substantial Revenues for Schools*, [GAO-05-563](#) (Washington, D.C.: Aug 8, 2005) and *School Meal Programs: Competitive Foods Are Available in Many Schools; Actions Taken to Restrict Them Differ by State and Locality*, [GAO-04-673](#) (Washington, D.C.: Apr 23, 2004).

³⁰Food and labor costs account for the vast majority of school meal program costs at the district level. Assuming that ERP programs increase participation in school meals, if labor costs stay the same, the additional cost of the ERP program to the district is the cost of purchasing food to serve to new participants plus the cost of the reduced-price fees that were being paid by reduced-price-eligible students before the ERP program was implemented.

Most Districts Experienced Benefits from ERP Programs, such as a Decrease in the Administrative Burden on District Staff and Improvements in Satisfaction with School Meals

SFA officials in nearly all of the school districts we surveyed reported that ERP programs either had no effect on or decreased the overall administrative burden on district staff (see table 7). Several officials who reported that ERP programs decreased this administrative burden explained that district staff no longer spend time trying to collect unpaid meal charges from reduced-price-eligible students who receive school meals but are unable to pay the reduced-price fee. One of these officials further explained that prior to the implementation of the ERP program, students who were unable to pay the reduced-price fee would charge these meals and build up a balance of unpaid meal fees, and staff would then spend time trying to collect these fees from parents. Several officials noted that attempts to collect these fees were sometimes unsuccessful, and one official said he believed that the cost of the administrative time spent trying to collect these fees was greater than the value of the fees themselves.

Table 7: Effect of ERP Programs on Administrative Burden on District Staff

Administrative burden	Number of districts
Significantly increased	0
Generally increased	0
Stayed the same	10
Generally decreased	13
Significantly decreased	10
Don't know	2
Total	35

Source: GAO survey.

Most of the SFA officials we surveyed reported that ERP programs have had a generally positive effect on students' attitudes about and parents' level of satisfaction with the school meal programs (see table 8).³¹ SFA officials in several districts also reported other benefits. One official told us she believes that the ERP program has increased administration and faculty support for the school meal programs, and another official noted that the program has increased the school board's level of satisfaction

³¹The SFA officials in the school districts we surveyed reported their opinions on what effect, if any, ERP programs had on students' attitudes about school meals and parents' level of satisfaction with school meals. Districts did not conduct research on students' attitudes or parents' level of satisfaction.

with the school meal programs. SFA officials in several other school districts noted that their ERP programs have been well received by their communities.

Table 8: SFA Officials' Views on the Effect of ERP Programs on Students' Attitudes about and Parents' Level of Satisfaction with School Meals

Students' attitudes	Number of districts
Become significantly more positive	4
Become generally more positive	22
Stayed the same	4
Become generally more negative	0
Become significantly more negative	0
Don't know	5
Total	35
Parents' level of satisfaction	Number of districts
Significantly increased	7
Generally increased	22
Stayed the same	2
Generally decreased	0
Significantly decreased	0
Don't know	4
Total	35

Source: GAO survey.

Some SFA officials we surveyed told us they believe that ERP programs have improved students' academic performance, although they did not conduct research on the effect of these programs on academic performance (see table 9). Officials in more than half of the districts (19 of 35) responded that they did not know what effect their ERP programs had on academic performance.

Table 9: SFA Officials' Views on the Effect of ERP Programs on Students' Academic Performance

Academic performance	Number of districts
Improved	14
Stayed the same	2
Declined	0
Don't know	19
Total	35

Source: GAO survey.

One SFA official noted that it would be difficult to link improvements in academic performance to ERP programs because there are many factors that affect academic performance. Even so, some research studies indicate that participation in school breakfast may be associated with improvements in performance on standardized tests³² and math grades³³ as well as improvements in school attendance and punctuality.³⁴

³²A. F. Meyers, A. E. Sampson, M. Weitzman, B. L. Rogers, and H. Kayne, "School Breakfast Program and School Performance," *American Journal of Diseases of Children*, vol. 143, no.10 (1989).

³³J. M. Murphy, M. E. Pagano, J. Nachmani, P. Sperling, S. Kane, and R. E. Kleinman, "The Relationship of School Breakfast to Psychosocial and Academic Functioning: Cross-sectional and Longitudinal Observations in an Inner-city School Sample," *Archives of Pediatric and Adolescent Medicine*, vol. 152, no.9 (1998).

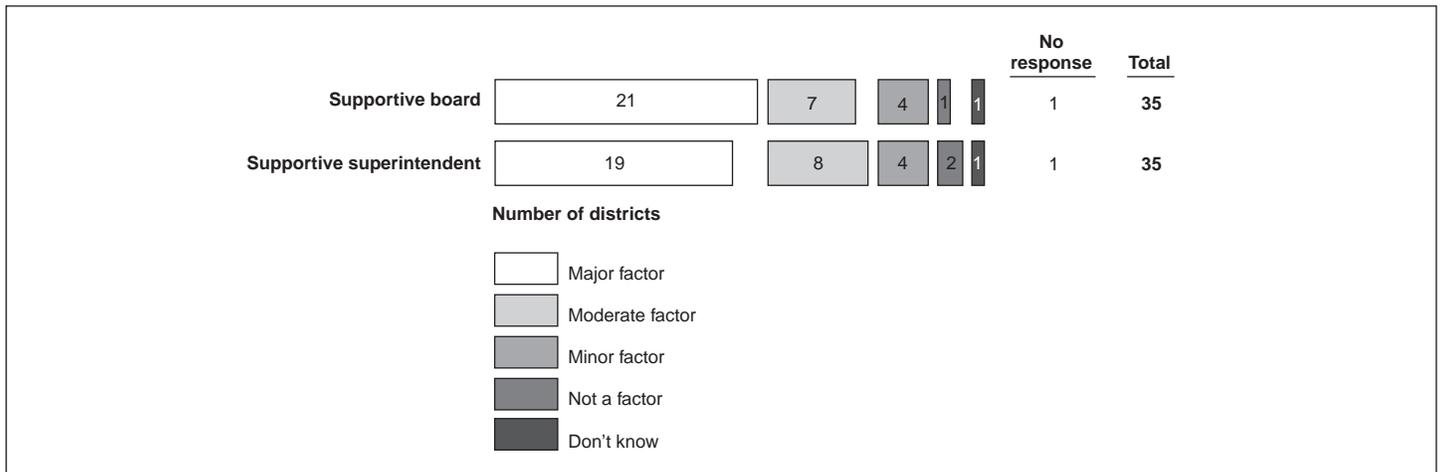
³⁴A. F. Meyers et al., "School Breakfast Program and School Performance," 1234; J. M. Murphy et al., "The Relationship of School Breakfast to Psychosocial and Academic Functioning: Cross-sectional and Longitudinal Observations in an Inner-city School Sample," 899.

Supportive State Legislators and District School Boards Helped Establish ERP Programs, but Fiscal Challenges Could Hinder Program Continuation

Support from State Legislators, Nonprofit Organizations, District School Boards, and Superintendents Helped Establish ERP Programs

Supportive legislators and nonprofit organizations played a major role in establishing ERP programs at the state level, and support from school boards and superintendents was a major factor in establishing programs at the district level. Officials that we spoke with from all 5 states cited strong support from key legislators and various nonprofit organizations concerned with child nutrition and hunger as a major factor in establishing an ERP program under state law. For example, an official from the state of Colorado told us that the state school nutrition association had contacted state legislators to promote the elimination of reduced-price fees for school meals, and one legislator was particularly supportive of implementing a statewide ERP program. A Washington state official told us that a coalition of several organizations contacted every member of the state Ways and Means Committees to promote legislation that would eliminate reduced-price fees. As shown in figure 7, most SFA officials from the district-level programs we identified reported that supportive school boards and superintendents were major factors in helping implement their ERP programs.

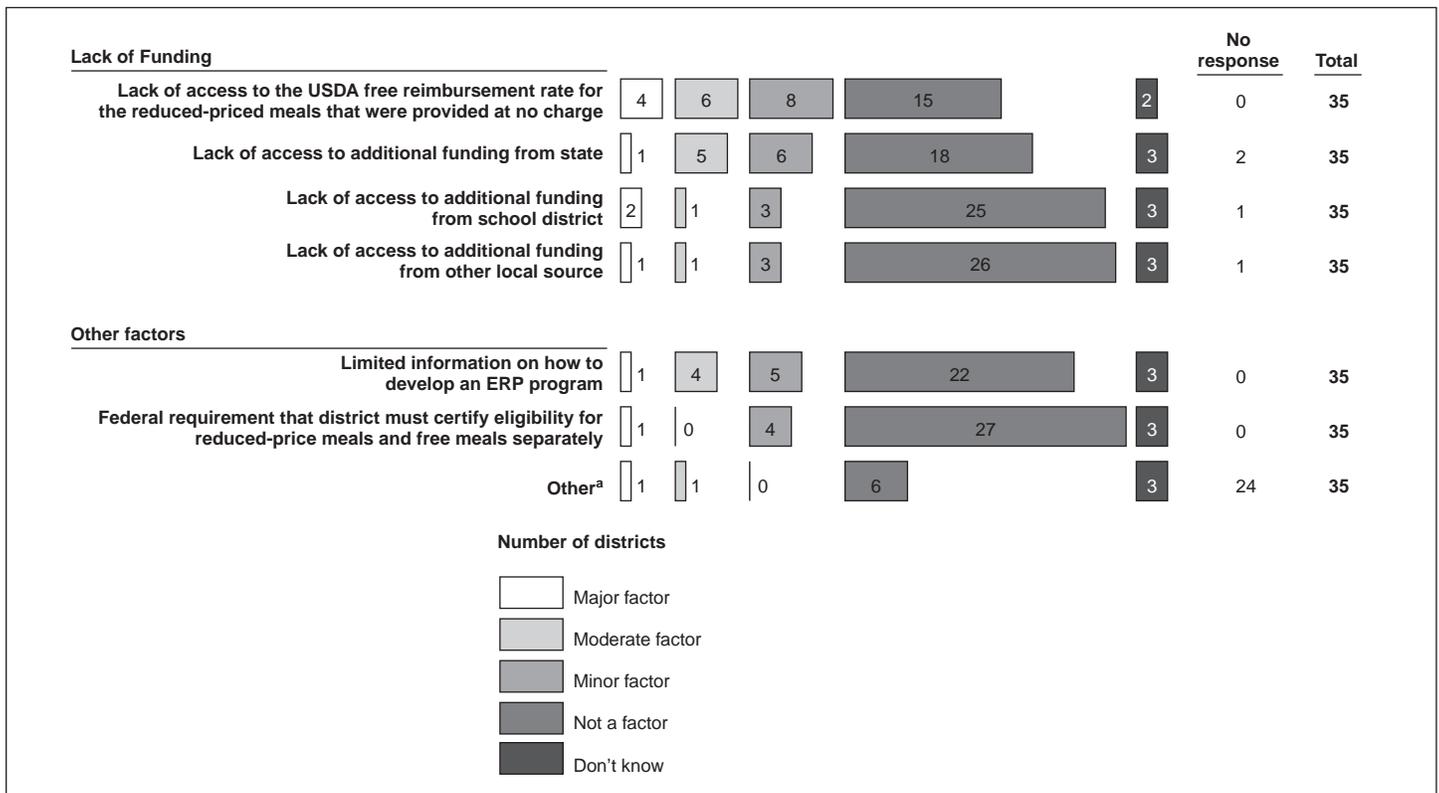
Figure 7: Factors That Helped Implementation of District-level ERP Programs



Source: GAO survey.

We also asked state- and district-level officials we interviewed and surveyed about the effect that a number of other factors might have had on the implementation of ERP programs. Specifically, we asked about a lack of program funding, limited information on program development, and requirements to continue annual certification of student eligibility for reduced-price meals, but in general few states and districts indicated that these were major factors that hindered implementation. See figure 8 for district survey responses. For state ERP programs, lack of funding was not a major factor largely because funds were appropriated by the state legislature when these programs were established. However, at least one official indicated that the state’s decision to limit the number of grades covered by the ERP program for lunch may have been due to funding restrictions. Regarding program development, while officials in one state found information on other state ERP programs to have been very helpful, another state official cited unique circumstances as one reason why the information was not that helpful in developing her state’s ERP program. Regarding the district-level ERP programs, these districts were generally committed to making their programs work, had the support they needed, and were able to succeed. However, the number of districts that may have tried to implement ERP programs and been unsuccessful is not known. Finally, most state- and district-level program officials did not see continuing to certify reduced-price-eligible students as a major hindrance because systems to capture this information were already in place.

Figure 8: Factors That Hindered Implementation of District-level ERP Programs



Source: GAO survey.

^aOne district official listed a requirement by the school board to provide financial information on how increased participation of reduced-price-eligible students would be covered by the additional revenues as a major factor hindering implementation.

Fiscal Challenges Could Limit Available Funding for ERP Programs but Cuts May Be Manageable for Some District-level Programs

Funding for the state ERP programs may be vulnerable to across-the-board budget cuts, but most district-level SFA officials reported less dependence on state funding and more options for managing ERP program costs. Officials from all 5 state programs indicated that dedicated state appropriations were a primary source of ERP funding, and officials from four of these states indicated that a loss of state funding would be a threat to the continuation of their programs. While state or local budget cuts might also affect district funding, especially in the current fiscal environment, some district-level ERP programs might be better situated to withstand such cuts. For example, we asked several of the SFA officials from district-level ERP programs that we interviewed what would happen to their programs if their funds were cut. Even under declining fiscal

conditions, when we conducted our interviews during the latter part of 2008 and early 2009,³⁵ the officials indicated that the SFAs would explore ways to raise additional revenue or reduce expenditures so that they could continue to cover ERP program costs. Further, officials from several SFAs that we interviewed indicated that the net costs of their district-level ERP programs were less than 1 percent of their annual expenditures. Specifically, an SFA official from the Grand Rapids Public Schools—with annual expenditures of about \$8.3 million—estimated the annual net cost of its ERP program at about \$64,000 per year. An SFA official from the Great Neck Public Schools in New York told us that the average number of students participating in reduced-price lunch was only about 7.6 percent (221 of 2,921) of the total number of students who participated in school lunch on a daily basis. In addition, SFA officials told us that they have flexibility to potentially offset revenue losses. For example, the SFA official from Great Neck told us that her district’s ERP program had previously covered costs through revenue generated by à la carte sales, but noted that recent declines in sales may require the district to begin using reserve funds to cover program costs.

Despite potential fiscal challenges at the time we conducted our interviews and survey, all 5 states and 30 of the 35 districts surveyed reported that they plan to continue their ERP programs in the future. The other 5 districts had not decided to discontinue their programs, but said they did not know if the programs would continue. Some state- and district-level officials believe that there is an even greater need for this type of program at a time when some families are experiencing increased economic hardship. However, state and local fiscal conditions have continued to deteriorate since we began our audit work and the effect of the changes in the economic climate on ERP programs is unknown.

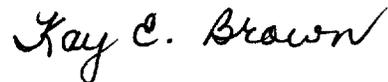
Agency Comments and Our Evaluation

We provided a draft of this report to USDA for review and comment. USDA did not provide written comments. However, FNS provided us with technical comments that helped clarify our report’s findings, which we incorporated where appropriate.

³⁵In November 2008, GAO estimated an operating deficit in the state and local sectors in the \$100 billion-\$200 billion range, which was consistent with estimates reported by the National Conference of State Legislatures, the National Governors Association, the Urban Institute, and others. GAO, *Update of State and Local Government Fiscal Pressures*, [GAO-09-320R](#) (Washington, D.C.: Jan. 26, 2009).

We are sending copies of this report to relevant congressional committees and other interested parties and will make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>. If you or your staff have any questions about this report, please contact me at (202) 512-7215 or brownke@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix III.

Sincerely yours,



Kay Brown
Director, Education, Workforce,
Income Security Issues

Appendix I: Objectives, Scope, and Methodology

To provide a better understanding of the experiences of states and school districts with programs that eliminated the reduced-price fee (known as ERP programs), this report presents information on the following questions: (1) What is known about the state and local jurisdictions that have eliminated the reduced-price fee for the school lunch or breakfast programs? (2) What have been the experiences of state and local jurisdictions that have eliminated reduced-price fees with respect to factors such as participation, errors, and costs? (3) What factors may help or hinder the establishment or continuation of programs that eliminate reduced-price fees?

To answer these questions, we identified states and school districts that have implemented ERP programs and collected information about their experiences. We are not aware of any prior research that has rigorously studied ERP programs at the state or district level. We conducted semistructured phone interviews with state child nutrition officials from the 5 states we identified as having ERP programs (Colorado, Maine, Minnesota, Vermont, and Washington). We also conducted a Web-based survey of local school food authority (SFA) officials in 51 school districts initially identified as having ERP programs and gathered in-depth information from 4 of these districts through site visits or phone interviews. In addition to collecting information from these states and school districts, we interviewed officials at the U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) and Economic Research Service (ERS) as well as representatives of child nutrition advocacy organizations and professional associations, reviewed relevant studies, and conducted semistructured phone interviews with SFA officials in 2 school districts we identified that had discontinued ERP programs.

We conducted our work from August 2008 to July 2009 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

Interviews with States

To learn about the experiences of states with ERP programs, we conducted semistructured phone interviews with officials in the 5 states we identified as having these programs: Colorado, Maine, Minnesota,

Vermont, and Washington. In August 2008, FNS provided us with a preliminary list of 4 states that had implemented ERP programs and a fifth state with pending legislation that, if enacted, would create a state ERP program. However, FNS is not necessarily aware of all the states with ERP programs, because states are not required to report this information to FNS. We contacted this fifth state and determined that it had already implemented a state ERP program. In each of these 5 states, we interviewed child nutrition officials responsible for administering the school meal programs at the state level. There may be additional states with ERP programs that we did not identify as part of this study.

Survey of District-level SFA Officials

We also conducted a Web-based survey of SFA officials in 51 school districts initially identified as having implemented these programs. We identified school districts with ERP programs using a preliminary list of these districts, by state, provided by FNS in August 2008. This list included 43 districts in 16 states. However, FNS is not necessarily aware of all the districts with ERP programs, because districts are not required to report this information to FNS. We conducted follow-up with child nutrition officials in Washington, D.C., and the 28 states for which no information was provided, as well as officials in 5 states for which information was incomplete or needed clarification, and officials in 5 states for which contact information for district-level SFA officials was either missing or needed clarification.¹ As a result of our follow-up efforts, we removed 9 districts from the original FNS list and added 17 new districts, for a total of 51 districts.² We surveyed SFA officials in all 51 districts included in this revised list.³ There may be additional school districts with ERP programs that we did not identify as part of this study. Because the universe of districts with ERP programs is unknown, the results of our survey cannot be generalized to all districts with ERP programs.

¹During our efforts to schedule questionnaire pretests, we determined that three additional districts included in the FNS list did not have ERP programs, and we also identified one additional district with an ERP program through a newspaper article.

²Several of the districts that we removed from the FNS list had universal free meals programs.

³The districts we surveyed were not located in the 5 states with ERP programs (Colorado, Maine, Minnesota, Vermont, and Washington).

We conducted the survey from December 2008 to March 2009, and achieved a response rate of 83 percent. We received survey responses from SFA officials in 44 school districts, 35 of whom confirmed that their districts had implemented ERP programs. To increase the survey response rate, we conducted follow-up by both e-mail and phone with all nonrespondents.⁴ The questionnaire asked SFA officials about the number of students eligible for reduced-price meals; the meals and grades covered by the ERP programs; the reasons they implemented these programs; the duration of these programs; the effects of the programs on participation, errors, and costs; the factors that helped or hindered program implementation; and whether or not they plan to continue the ERP programs in the future. While we did not validate specific information that SFA officials reported in our survey, we reviewed their responses and conducted follow-up as necessary to determine that the data were complete, reasonable, and sufficiently reliable for the purposes of this report.

Because we did not select a probability sample, our survey results do not have sampling errors. However, the practical difficulties of conducting any survey may introduce nonsampling errors, such as variations in how respondents interpret questions. We took steps to minimize nonsampling errors, such as pretesting the draft questionnaire. Specifically, we pretested the draft questionnaire by phone with SFA officials in 5 school districts—1 district in each of the states of Arizona, Indiana, Tennessee, Utah, and Virginia—in September through December 2008. In the pretests, we were generally interested in the clarity of the questions and the logical flow of the questionnaire. For example, we wanted to ensure that the definitions used in the questionnaire were clear and understandable, the categories provided in closed-ended questions were complete, and the ordering of questions was logical. We made revisions to the questionnaire in response to each of the pretests. In addition, using a Web-based survey minimized nonsampling errors because this format eliminated the need for and the errors associated with a manual data entry process. Specifically, the Web-based survey allowed respondents to enter their responses directly into the survey Web site and automatically created a database record for each respondent. To further minimize errors, the programs used to analyze the survey data were independently verified to ensure the accuracy of this work.

⁴However, 7 districts did not respond to our survey or further attempts to contact them. As a result, we could not confirm that these districts had ERP programs.

Site Visits and Interviews with School Districts

To gather in-depth information from several school districts with ERP programs, we conducted site visits with 2 school districts (Grand Rapids Public Schools, Michigan and Salt Lake City School District, Utah) and semistructured phone interviews with two other school districts (Great Neck Public Schools, New York and Hillsborough County School District, Florida), all of which also responded to our Web-based survey. We selected these districts based on the following criteria: (1) variation in the duration of the ERP program, (2) variation in the percentage of students eligible for free or reduced-price meals, and (3) variation in location and city size. In each of these districts, we interviewed SFA officials responsible for administering the school meal programs.

Other Interviews and Reviews of Relevant Studies

In addition to collecting information from states and school districts with ERP programs, we interviewed officials at FNS and ERS as well as representatives of child nutrition advocacy organizations and professional organizations, including the Food Research and Action Center (FRAC) and the School Nutrition Association (SNA). We also conducted semistructured phone interviews with SFA officials in 2 school districts we identified (Milpitas Unified School District, California, and Tacoma Public Schools, Washington) that had discontinued ERP programs. Additionally, we reviewed relevant studies, such as USDA's *NSLP/SBP Access, Participation, Eligibility, and Certification (APEC) Study*,⁵ *USDA's School Lunch and Breakfast Cost Study-II*,⁶ and a Mathematica Policy Research study conducted for ERS on the factors associated with school meal participation and the relationships between different participation measures.⁷

⁵U.S. Department of Agriculture, Food and Nutrition Service, Office of Research, Nutrition, and Analysis, *NSLP/SBP Access, Participation, Eligibility, and Certification Study—Erroneous Payments in the NSLP and SBP, Vol. I: Study Findings*, by Michael Ponza et al. Project Officer: John R Endahl. Alexandria, Va.: 2007.

⁶U.S. Department of Agriculture, Food and Nutrition Service, Office of Research, Nutrition, and Analysis, *School Lunch and Breakfast Cost Study-II, Final Report*, by Susan Bartlett et al. Project Officers: Patricia McKinney and John R Endahl. Alexandria, Va.: 2008.

⁷Quinn Moore, Lara Hulsey, and Michael Ponza. "Factors Associated with School Meal Participation and the Relationship Between Different Participation Measures." Final report submitted to the U.S. Department of Agriculture, Economic Research Service. Princeton, N.J.: Mathematica Policy Research, Inc., May 2009.

Appendix II: Universal Free Meals Programs under Alternative USDA Special Assistance Provisions

Some schools and districts have chosen to provide universal free meals to all participating students regardless of their household income under two alternative special assistance provisions of the National School Lunch Program (NSLP) and the School Breakfast Program (SBP), known as Provision 2 and Provision 3.¹ These special assistance provisions in the SBP and NSLP are intended to reduce the administrative burden for individual schools and districts by allowing them to process school meal applications and determine eligibility for free and reduced-price meals less frequently. Specifically, these schools and districts are only required to process applications and determine eligibility in the first year (base year) of a 4-year or 5-year period. Although these provisions are intended to reduce the administrative burden, participating schools and districts bear the costs of providing free meals to students who qualify for reduced-price or full-price meals. Participating schools and districts still receive cash reimbursements from FNS based on the meal category for which students are eligible. According to FNS, during the 2007-2008 school year, more than 2,900 schools—about 3 percent of the 95,331 schools participating in the NSLP in that year—were participating in Provision 2 or Provision 3.² Table 10 compares key aspects of standard school meal programs, Provision 2 programs, Provision 3 programs, and ERP programs.

¹Another special provision, known as Provision 1, reduces application burdens by allowing free eligibility to be certified for a 2-year period. However, Provision 1 does not require that meals be served at no charge to all students.

²During the 2007-2008 school year, 2,926 schools were participating in Provision 2 or Provision 3 but were not operating in a base year. There may have been additional schools that were operating in a base year.

**Appendix II: Universal Free Meals Programs
under Alternative USDA Special Assistance
Provisions**

Table 10: Comparison of Key Aspects of Standard School Meal Programs, Provision 2, Provision 3, and Elimination of Reduced-price Fee (ERP) Programs

Program type^a	Description	Administrative procedures	FNS reimbursement	Meal fees collected
Standard school meal program	Schools provide free, reduced-price, or full-price meals to students based on household income.	School districts process applications and determine eligibility for free and reduced-price meals each school year.	Calculated based on the number of free, reduced-price, and full-price meals served.	Reduced-price fee and full-price fee
Provision 2 program ^b	Schools provide free meals to all students regardless of income (universal free meals).	Schools or districts process applications and determine eligibility for free and reduced-price meals in the first year (base year) of a 4-year period. In the subsequent 3 years, they make no new eligibility determinations.	Calculated by applying the percentages of free, reduced-price, and full-price meals served during the corresponding month of the base year to the total meal count for the claiming month.	None
Provision 3 program	Schools provide free meals to all students regardless of income (universal free meals).	Schools or districts process applications and determine eligibility for free and reduced-price meals in the first year (base year) of a 5-year period. In the subsequent 4 years, they make no new eligibility determinations.	Calculated based on the number of free, reduced-price, and full-price meals served during the base year. In the following years, SFAs receive the same level of cash subsidies and commodity assistance as they did in the base year, with adjustments for changes in enrollment, number of operating days, and inflation.	None
Elimination of reduced-price fee program	Schools provide free meals to students who qualify for reduced-price meals but still collect full-price meal fees from other students.	School districts process applications and determine eligibility for free and reduced-price meals each school year.	Calculated based on the number of free, reduced-price, and full-price meals served.	Full-price fee only

Source: USDA/FNS and GAO interviews.

^aProvision 1 is a third special school meal provision in the NSLP and SBP that is not included in this table. Under Provision 1, schools where at least 80 percent of enrolled students are eligible for free or reduced-price meals may determine eligibility for free meals once every 2 years. Reimbursement is calculated based on the number of free, reduced-price, and full-price meals served. There is no requirement to serve meals at no charge to all students.

^bAccording to FNS guidance, Provision 2 may be a good alternative for schools with a very high percentage of students eligible for free or reduced-price meals.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

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