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National School Lunch Facts and Issues

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SUMMARY

An estimated \$4.8 billion in cash and commodity support was provided by the Federal Government to support the national school lunch program in FY 1994. This aid supported the cost of serving some 4.2 billion school lunches to a daily average of 25.2 million children in over 88,208 elementary and secondary schools and 5,175 residential child care institutions. Interest in the school lunch program has been generated by the House consideration and passage of a welfare reform bill (H.R.4) that contains provisions which would combine this program with some other child nutrition programs to form a new school-based nutrition block grant. This short report summarizes current school lunch program issues and provides basic facts and information about the school lunch program -- its origin and evolution, Federal reimbursement rates and income eligibility criteria, and program spending and participation trends over the past 12 years.

ISSUES

The House Republican welfare reform bill (H.R.4) introduced in the early days of the first session of the 104th Congress proposed terminating all current categorical food programs (such as school lunch and food stamps) and folding Federal funding for them into one food assistance block-grant program for lower income individuals and households. The school lunch provisions of this bill were substantially altered in the version of H.R. 4 passed by the House on March 24, 1995. Rather than lumping school lunch and child nutrition programs in with all other food assistance programs, as originally proposed, the version of H.R. 4 passed by the House creates two block grants -- a school-based nutrition block grant and a family nutrition block grant. The former provides funding for food service programs in elementary and secondary schools, while the latter funds food services for non-school based food programs serving low-income mothers and children.

The proposed school-based nutrition program would distribute a set amount of funds to States for the operation of food service programs in schools. These could include breakfasts, lunches, snacks, or milk. Although the block grant allows funding after the first year to grow by about 4.1 percent per year, overall funding would be reduced from the level provided under current law largely because the block grant eliminates the performance-driven nature of the current program. That is, the block grant sets a cap on funding, while current law guarantees a specific



reimbursement or subsidy for an unlimited number of lunches, and provides substantially higher payments for free and reduced price lunches served to lower-income children.

Under the block grant, States rather than the Federal Government would determine eligibility conditions for both schools and children wishing to participate in the school-based meal program. States would be required to include free or low-cost meal services for economically disadvantaged children in their school-based nutrition programs, and would determine the composition of those meals. They would not, however, be required to ensure that participating schools offer free meals to all children with family incomes below 130 percent of the Federal poverty level, and reduced price meals to children with family incomes between 130 and 185 of the poverty level, as is the case under current law. Individual income tests and meal counting by income no longer would be required, although States would be required to spend at least 80 percent of their block grant funds on meals for economically disadvantaged children (i.e., children with family incomes below 185 percent of the poverty level.)

Proponents of the block grant proposal contend that States rather than the Federal Government should be responsible for determining the types of meals and children who should be served in schools, that block grants will eliminate excessive Federal regulations and give schools the flexibility they need to operate programs efficiently, and that the savings in administrative costs will go toward providing more food to children. Opponents, however, argue that the block grant does not define meals, establish uniform nutritional standards, or guarantee access to free and reduced price meals to poor children. Moreover, it is argued that the funding cap does not allow States or schools to respond to increased need if there is an economic downturn and that the allotment formula for distributing funds to States unfairly locks everyone into the existing funding patterns.

PROGRAM FACTS

The school lunch program emerged out of Federal farm relief activities begun during the Great Depression to reduce agricultural surpluses and shore up depressed farm prices. Following World War II, the Congress approved the National School Lunch Act "... as a measure of national security, to safeguard the health and well-being of the Nation's children ..." Although, from the beginning, the law required schools to offer lunches free or at a substantially reduced price to children who could not afford the regular cost of a lunch, it was not until the 1960s that Congress provided extra Federal funding to help schools feed such children, and it was not until the 1970s that Congress guaranteed a specific amount of funding for each meal served and established the three-tiered eligibility and reimbursement system we know today.

Nearly all of the Nation's public and private elementary and secondary schools (88,208), enrolling 44.6 million children, participated in the school lunch program in FY 1994. Of those to whom the program was available, 25.2 million children (57 percent) chose to participate. The others may have brought lunches from home, eaten off-campus, bought a la carte lunches at school, or not eaten at all.

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Among the children participating in the lunch program in FY 1994, just under 14 million (55 percent) received lunches free or at a substantially reduced price. These are children whose families submitted applications that met Federal income criteria, and for whom Federal law requires either no cost or reduced charge (not more than 40 cents). The remaining 11.3 million children eating lunches were from families that either did not apply, or had incomes too high to qualify them for free or reduced price meals. Although non-income tested meals constitute 45 percent of all federally subsidized lunches, only about 11 percent of Federal school lunch support goes for such meals. This is because Federal reimbursement rates set by law are substantially higher for free and reduced price meals than for so-called "paid" meals.

The national school lunch program is permanently authorized by the National School Lunch Act. It is funded by annual agricultural appropriations laws and currently resides within the "child nutrition account" of the Income Maintenance function of the Federal Budget.

Table 1. Federal Meal Reimbursements from July 1994 to June 1995, Meal Charges, and Participation in FY 1994 (USDA est.)^a					
Type of Meal	Reimbursements (cents/meal)			Meal Charge	FY 1994 Participation
	Cash^b	Commodity	Total		
Paid (full-price)	17.00	14.50	31.50	No Limit	11,300,000
Reduced Price	135.75	14.50	150.25	40 cents	1,800,000
Free	175.75	14.50	190.25	None	12,100,000

^a Rates are annually adjusted for inflation each July 1 using the most recent twelve month information available from the Consumer Price Index, series for food away from home. Higher rates for Alaska and Hawaii.

^b An additional 2 cents is provided in schools where 60 percent or more of meals are served free or at reduced price.

Source: *Federal Register*, v. 59, no. 128, July 6, 1994.

Table 2. Income Eligibility for Free and Reduced Price Meals (Annual Income Cut-off Levels, July 1994 to June 1995^a)		
Family Size	Free (130%)	Reduced Price (185%)
One person	\$ 9,568	\$ 13,616
Two person	12,792	18,204
Three person	16,016	22,792
Four person	19,240	27,380
Five person	22,464	31,968
Each Additional Person	+ 3,224	+ 4,588

^a Higher levels for Alaska and Hawaii.

Source: *Federal Register*, v.59 no.47, March 10, 1994.

Table 3. School Lunch Federal Spending and Participation from FY 1980 to FY 1994					
Fiscal Year	Children Participating (in millions)			Number of Schools	Federal Funding (\$ billions)
	Total	Free/Reduced	Paid		
1980	26.6	11.9	14.7	94,100	3.04
1981	25.8	12.5	13.3	94,000	2.96
1982	22.9	11.4	11.5	91,200	2.61
1983	23.0	11.8	11.2	90,600	2.83
1984	23.3	11.8	11.5	89,200	2.95
1985	23.6	11.5	12.1	89,400	3.03
1986	23.8	11.6	12.2	89,900	3.16
1987	24.0	11.6	12.4	90,200	3.25
1988	24.2	11.4	12.8	90,600	3.38
1989	24.2	11.3	12.7	91,400	3.48
1990	24.1	11.5	12.8	91,400	3.68
1991	24.2	12.1	12.1	92,200	4.07
1992	24.5	12.8	11.7	92,300	4.47
1993	24.9	13.5	11.3	92,500	4.66
1994	25.3	14.0	11.3	93,400	4.87

Sources: USDA, Food and Nutrition Service "Annual Historical Review of FNS Programs, fiscal year 1988," "Food Program Update, fiscal year 1990," and "Review of FNS Food Assistance Program Activity [for fiscal years 1991 and 1992], and Program Information Reports, September and December

ADDITIONAL READING

Child Nutrition: Issues in the 104th Congress. IB 95047.

Child Nutrition: State Funding Under Current Law and Block Grants Proposed in H.R.1214. General Distribution Memorandum. March 20, 1995.

Child Nutrition: Program Information, Data, and Analysis. 93-165 EPW.

Domestic Food and Nutrition Programs: Fact Sheet. 95-73 ENR.

Federal Domestic Food Assistance Legislative Chronology, 1935-1992. 92-72 EPW.