
ISSUE REVIEW

Fiscal Services Division

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School Food Service Breakfast Programs

ISSUE

This *Issue Review* examines school food service breakfast programs, including cost, reimbursement rates, and participation, and provides a break-even point analysis.

AFFECTED AGENCIES

Department of Education

CODE AUTHORITY

Iowa Code chapter [283A](#)

Iowa Administrative Code [281—58](#)

HISTORY

The United States Department of Agriculture (USDA) has compiled a [history](#) of the National School Lunch Program, which includes the history of school food service breakfast programs. Included in this history, Norway was identified as one of the first providers of a school breakfast program in the early 1900s, providing a meal named the “Oslo Breakfast.” Prior to this new breakfast program, teachers in Europe had already identified the benefits of school feeding programs, including better attendance, improved attention, and better scholastic work. The specific benefits of a school breakfast program were studied in London by professor J.C. Drummond of London University, and he noted specifically the health benefits by stating, “The effects have been remarkable. Children were free from usual skin complaints, and boys gained in height 26.0% more than those not participating in the experiment.”¹

The USDA history also details one of the first school breakfast programs in the United States that started in Ohio in 1909. The school breakfast program was run by the Cleveland Federation of Women’s Clubs, serving 19 children at one school. By 1915, that program was serving about 710 children. Nationally, a federal pilot breakfast program was included as part of the [Child Nutrition Act of 1966](#), and was initiated with two years of appropriations. With the success of the pilot program, the federal breakfast program was expanded nationally, and according to the USDA, [meals served have increased](#) from 39.7 million meals served in 1969 to 2.451 billion meals served in 2019. [According to the USDA](#), spending for the school food service breakfast program totaled \$4.400 billion in 2018, which was a 3.0% increase from the previous year.

¹ Times Educational Supplement, London, July 22, 1939, p.299.

DESCRIPTION

The current [School Breakfast Program](#) is a federally funded meal program that reimburses states that operate nonprofit breakfast programs in schools and residential childcare institutions. The Food and Nutrition Service, a division of the USDA, administers the program at the federal level. State education agencies administer the program at the state level, and local school food authorities operate the program in schools. The USDA reimburses schools for each breakfast they serve, with higher reimbursements for reduced-price and free meals. Participating schools must offer free or reduced-price breakfasts to eligible students, and meals must meet [USDA nutrition standards](#). Decisions about the specific foods to serve and how the foods are prepared are made by local school food authorities.

School breakfast has the same eligibility criteria as school lunch, but the rate of student participation is much lower. According to a 2019 [publication](#) issued by the Education Commission of the States (ECS), the model of serving breakfast before classes begin for the day may result in reduced participation because of the following:

- Some students are unable to get to school in time to participate in the school food service breakfast program.
- Providing transportation to students to get them to school in time to participate.
- The potential social stigma of being provided a meal.

According to the Iowa Department of Education (DE), 100.0% of public schools in Iowa offer a school food service breakfast program, and the October 2019 participation rate was 19.6% of all public school students. In comparison, lunch participation for October 2019 was as follows:

- 74.0% for students eligible for free meals.
- 68.0% for students eligible for reduced-price meals.
- 57.0% for students eligible for paid meals.

FISCAL ANALYSIS OF IOWA SCHOOL BREAKFAST PROGRAM

The [Institute of Child Nutrition](#), a federally funded national center dedicated to applied research, education and training, and technical assistance for child nutrition programs, has provided guidance on managing revenue in school nutrition programs. This guidance includes a description of the USDA mandate for accountability of the management of revenue in school nutrition programs by monitoring the following:

- All revenue received.
- How the revenue is dispersed.
- Whether revenue is sufficient to sustain a nutrition program that serves food high in quality and nutritional value.

The Institute has also provided the following three ways revenue generated by the school nutrition program could be analyzed:

- Calculate average revenue per meal or meal equivalent.
- Establish consistent guidelines for pricing meals and other nonprogram food items for sale.
- Compare revenue generated per meal with costs per meal.

The following fiscal analysis, specific to Iowa, uses the methodology to compare the established USDA breakfast reimbursement per meal rate to the DE estimated average Iowa school district cost per breakfast, as of December 2019.

Data Used For Analysis

Students who are eligible to receive free and reduced-price school meals are often referred to as free or reduced-lunch (FRL) students. If a student is eligible to receive a free or reduced-price lunch, the student is eligible to receive a free or reduced-price breakfast.

- In a December 2019 analysis, the DE estimated the average Iowa school district cost per breakfast is \$2.10.
- Students in households with incomes at or below 130.0% of the federal poverty level are eligible for free school meals. Students in households with incomes between 130.0% and 185.0% of the federal poverty level are eligible for reduced-price school meals. For the 2020-21 school year, 130.0% of the federal poverty level is \$34,060 for a family of four and 185.0% is \$48,470.
- A higher rate of meal reimbursement is paid for schools determined to be of severe need. For a school to be eligible for severe need rates, at least 40.0% of the school lunches served during the second preceding school year must have been served free or at a reduced price. For example, a school's severe need status in school year 2019-2020 would be calculated based on meals served in school year 2017-2018.
- The USDA has four per-meal-served reimbursement rates for providing breakfast to FRL students for the school year 2019-2020:
 - \$1.84, Non-Severe Need Free
 - \$2.20, Severe Need Free
 - \$1.54, Non-Severe Need Reduced Price
 - \$1.90, Severe Need Reduced Price
- Reimbursement to school districts would only be for breakfast for FRL students, and there would be no change in the current participation rate.

Fiscal Impact

- As detailed in the [Code of Federal Regulations](#), school food programs are subject to state agency monitoring, reviewing, or auditing to determine compliance with the requirements to limit overall net cash resources. In the event that overall net cash resources exceed three months' average expenditures for the school food authority's nonprofit school food service, the school food authority may be required to reduce the price charged for meals. Current USDA reimbursement rates for breakfast programs may or may not cover the cost depending on the category of reimbursement. **Table 1** shows that the estimated unreimbursed cost to school districts for providing breakfast to all FRL students in Iowa would be approximately \$500,000. The USDA reimbursement for Severe Need Free rate of \$2.20 exceeds the DE estimated average Iowa school district cost per breakfast of \$2.10, which is shown in the negative line item below.

Table 1 — Estimated Unreimbursed Iowa School District Cost of Breakfast Served

	Est. Number of Breakfast Meals Served in School Year*	Est. Unreimbursed Cost of Breakfast	Est. School District Cost
Free Breakfast Meals	4,033,052	\$ 0.26	\$ 1,048,594
Free Breakfast Meals Severe Need Districts	8,592,155	-0.10	-859,215
Reduced-Price Breakfast Meals	368,520	0.56	206,371
Reduced-Price Breakfast Meals Severe Need Districts	586,902	0.20	117,380
Total			<u>\$ 513,130</u>

*LSA estimate calculations based on DE provided participation rates extrapolated for a full school year.

ALTERNATIVES TO THE TRADITIONAL SCHOOL BREAKFAST PROGRAM

Alternatives to the traditional school food service breakfast program, sometimes referred to as “breakfast after the bell,” include the following three models as described in the previously referenced ECS report:

- A grab-and-go breakfast where students receive breakfast in prepackaged portions in central areas of the school.
- A second-chance breakfast where students receive breakfast in an extended break between first- and second-class periods.
- A breakfast given to students in the classroom.

Referenced statistics in the ECS report state that using the grab-and-go breakfast model increased average participation by 59.0%; using the second-chance breakfast model increased average participation by 58.0%; and using the breakfast in the classroom model increased participation by 88.0%.

In 2015, the University of Iowa Public Policy Center issued an [Administrator School Breakfast Survey: Report of Findings](#). The report was based on an online survey of K-12 school administrators in the State, with a total of 152 school districts’ responses included. The districts were asked to report on current breakfast serving models available in their school and asked to indicate all models that were in use. **Table 2** shows a summary of the survey results. Some districts may have responded with more than one model, resulting in greater than 100.0% reporting.

Table 2 — Breakfast Serving Models Being Used by School Districts

School District Response to How Breakfast Was Served	Frequency of Response	Percent
In the cafeteria before school	146	96.1%
Grab and go	13	8.6%
In classrooms	8	5.3%
After the first bell	2	1.3%
Between first and second bells	2	1.3%
Breakfast isn't served at our school	0	0.0%
Other	5	3.3%

SCHOOL BREAKFAST PROGRAM COST EFFICIENCIES

Promoting cost efficiencies in school breakfast programs could provide cost benefit gains and allow for reimbursement funding to be used for program expansions or relief in school meal debt balances. The following table utilizes what-if analysis to determine what level of cost efficiency savings would be needed to attain a statewide break-even point for school breakfast programs. **Table 3** shows that the Iowa break-even point is determined to be \$2.06 per breakfast meal, a decrease in cost of 1.8% from the current average Iowa school district cost per breakfast of \$2.10.

Table 3 — Break-Even Point Analysis for Iowa School Breakfast Programs

	Est. Number of Breakfast Meals Served in School Year*	Est. Unreimbursed Cost of Breakfast	Est. School District Cost
Free Breakfast Meals	4,033,052	\$ 0.22	\$ 896,209
Free Breakfast Meals Severe Need Districts	8,592,155	-0.14	-1,183,861
Reduced-Price Breakfast Meals	368,520	0.52	192,447
Reduced-Price Breakfast Meals Severe Need Districts	586,902	0.16	95,205
Total			<u>\$ 0</u>

*LSA estimate calculations based on DE provided participation rates extrapolated for a full school year.

OTHER STATES COMPARISON

In Delaware, [House Bill 408](#) (An Act to Amend Title 14 of the Delaware Code Relating to School Breakfast), enacted in 2016, requires all schools that participate in the [Community Eligibility Provision](#) (CEP) to implement a “breakfast after the bell” model. CEP is a free meal service option for schools and school districts in low-income areas that allows schools and school districts to serve breakfast and lunch at no cost to all enrolled students without collecting household applications to identify students who are FRL eligible.

In Maine, [Senate Paper 99](#) (An Act to Address Student Hunger with a “Breakfast After the Bell” Program), authorizes schools with at least 50.0% free and reduced-price eligibility to provide a Breakfast After the Bell Program starting in the 2019-2020 school year. Included in the legislation is a \$500,000 state appropriation to support two years of school implementation.

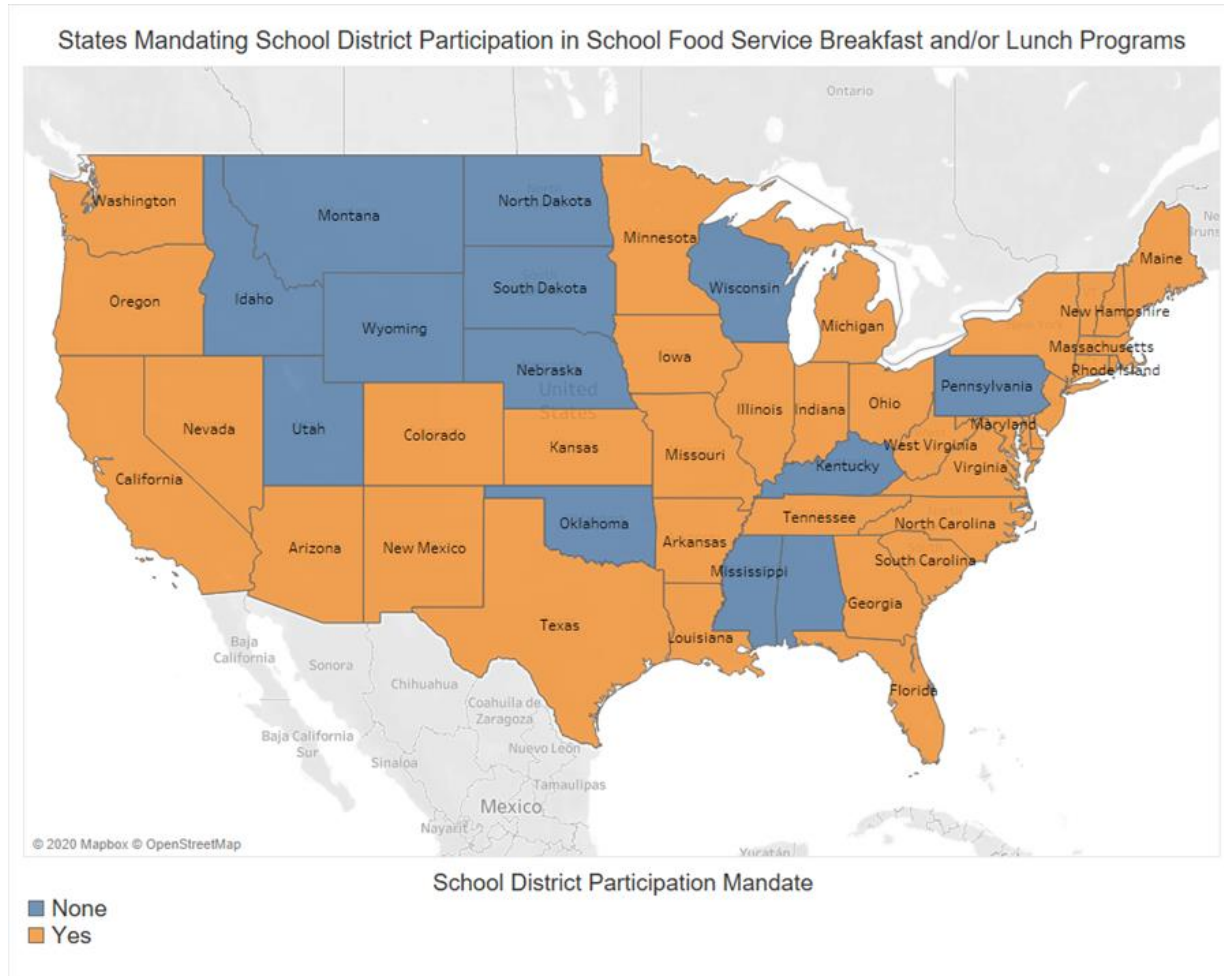
In New Jersey, [Senate Bill 1894](#) (Requires “Breakfast After the Bell” Program in All Schools with 70.0% or More of Students Eligible for Free or Reduced-Price Meals), enacted in 2018, required breakfast after the bell programs in all schools with at least 70.0% of students free and reduced-price eligible.

In Ohio, 2017 proposed legislation [Senate Bill 191](#) (Establish Breakfast After the Bell Program in Public Schools) would have required an estimated 911 schools to serve breakfast under a Breakfast After the Bell Program while allowing a school to opt out of the new program for financial reasons.

In Virginia, a [report](#) published August 1, 2018, was issued by the Virginia Department of Education detailing alternative school breakfast service models.

Map 1 shows that the orange highlighted states, along with Hawaii, have mandated school district participation in school food service programs. The blue highlighted states, along with Alaska, do not have mandated school district participation in school food service programs. This information is current as of February 2020, and additional information can be found [here](#).

Map 1 — States Mandating School District Participation in School Food Service Programs



CONCLUSION

According to the [USDA Economic Research Service](#), school food service breakfast programs continue to grow in cost, and many schools have ongoing goals to increase participation. The use of fiscal analyses can be helpful in meeting the goal of broadening programs and in turn benefitting students participating in the programs.

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