

The Dollars and Cents of the New School Meal Regulations

An Investment in Our Kids

The National School Lunch and Breakfast Programs provide balanced meals to 31 million children each day. The U.S. Department of Agriculture's (USDA) final school meal standards call for meals with more fruits and vegetables, whole grains, and fat-free and low-fat milk, and less sodium and unhealthy saturated and trans fats. The federal government currently invests \$15 billion a year in these programs, and the updated standards will help maximize that taxpayer investment by helping to ensure all children receive healthy, nutritious meals.



The Cost of Inaction

Child nutrition and obesity affect our nation's physical and fiscal health. One-third of children are overweight or obese. Obesity causes heart disease, cancer, diabetes, and other diseases. Obesity adds \$190 billion a year to national health care costs; more than 40 percent is paid by taxpayers through Medicare and Medicaid.

Obesity also poses a threat to national security. One in four young adults are too heavy to qualify for military service and weight issues are now the leading medical reason that young adults are unable to serve in the military.

USDA Meal Patterns and Nutrition Standards

Since the Truman Administration, Congress and USDA have set nutrition standards for school meals. In 2004, the Bush Administration and Republican-led Congress passed the Child Nutrition and WIC Reauthorization Act of 2004, requiring USDA to update the standards to align school meal patterns with the Dietary Guidelines for Americans. Over the next seven years, USDA formed internal working groups, solicited feedback from industry and advocates, and commissioned an Institute of Medicine (IOM) study to develop recommendations to update the nutrition standards for the National School Lunch and Breakfast Programs. The updated standards were finalized and began to be phased in beginning in the 2012-2013 school year.

Schools Are Leading the Way

Ninety-six percent of schools are meeting the updated standards, showing that the school meal standards are achievable. Thousands of schools, including many participating in USDA's HealthierUS Schools Challenge and the Alliance for a Healthier Generation's Healthy Schools Program, are already meeting school nutrition standards at current reimbursement rates.

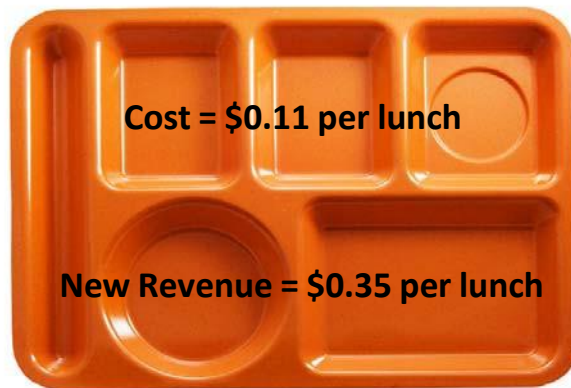
Increased Funding for Healthy School Meals

USDA estimated that implementation of the updated school meal standards would increase total costs by roughly 8 percent or \$3.2 billion over five years.

The Healthy, Hunger-Free Kids Act (HHFKA) included a package of provisions designed to increase funding for healthy school meals. These provisions help increase revenue to school food service programs to facilitate implementation of the updated school meal standards.

- Section 201 provides a 6-cent-per-lunch increase in reimbursement for school lunches that meet the new school meal standards, adding an estimated \$1.5 billion over five years if all schools met the standards.
- Section 205 requires school districts to gradually close the gap between paid meal revenues and free meal revenues to ensure that funds meant for providing healthy foods for low-income children are not diverted to other purposes. USDA estimates that closing this gap would raise \$323 million for school meal programs over the next five years with minimal impact on participation in the NSLP, even among low-income children. USDA issued guidance that allows schools to be exempted from the paid meal equity provision if they are:
 - certified as meeting the updated nutrition standards;
 - running a surplus (exceed a three-month operating balance); and
 - not in need of funds to meet program requirements or to address deficiencies in program operations.
- Section 206 is designed to ensure that the prices charged for foods sold in vending machines, a la carte lines, and school stores cover the costs to produce and sell them. A national meal-cost study conducted by USDA showed that revenues from non-program foods (such as foods sold a la carte) do not cover their costs and schools often use federal meal subsidies to offset their production. USDA estimates that implementation of the provision will bring an additional \$7.2 billion in revenue to school food service accounts over the next five years and will result in over 900,000 more children participating in the school meal programs.

Implementation of the Healthy, Hunger-Free Kids Act will fully pay for the updated school lunch regulations.



By the Numbers

Cost of Improvements to School Meals

Breakfast: \$ 1.3 billion

Lunch: \$ 1.9 billion

Total Cost: \$ 3.2 billion

Increased Revenue from the Healthy, Hunger-Free Kids Act

Section 201: \$ 1.5 billion

Section 205: \$ 323 million

Section 206: \$ 7.2 billion

Total New Revenue: \$ 9 billion

*All figures over 5 years

For more information, contact the Center for Science in the Public Interest at nutritionpolicy@cspinet.org