



## Insight

# Nutrition Provisions in Build Back Better

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## Nutrition Provisions in Build Back Better

### Executive Summary

- The Build Back Better Act includes several provisions aimed at improving children's access to nutrition, primarily by expanding access to and support for school meal programs.
- The legislation would also provide new financial assistance during summer months for families of children who qualify for school meal programs to purchase food.
- The expanded and enhanced nutrition benefits could cost roughly \$58 billion over the next 5 years.

### Introduction

The Food and Nutrition Service (FNS) of the United States Department of Agriculture (USDA) administers both the [School Breakfast Program \(SBP\)](#) and the [National School Lunch Program \(NSLP\)](#) to help ensure all children, particularly low-income children, receive breakfast and lunch while at school or child care by offering them free or reduced-price meals. Schools are reimbursed for the discounted meals they provide.

The Build Back Better Act (BBBA) includes several provisions aimed at improving children's access to nutrition, primarily by expanding access to and support for school meal programs. The legislation would expand access to free school meals and increase reimbursement rates to schools for providing those free meals for five years. Further, families of children who qualify for free or reduced-price meals at school would receive monetary benefits to purchase food during the summer when children are not in school. Additional funding would

be provided to improve the nutritional quality of school meals and for schools to purchase new cooking equipment. While improving child nutrition is an important goal, the expanded eligibility and enhanced reimbursement rate for free meals could come at a cost of \$57.6 billion over the next five years.

### **Expanding and Enhancing Community Eligibility for Free School Meals**

The Community Eligibility Provision (CEP) of the school meal programs allows eligible schools and school districts in high-poverty areas to offer free meals school-wide if at least 40 percent of students are identified as automatically eligible for a free meal from direct certification through other programs.<sup>i</sup> In 2018-2019, nearly 29,000 schools used the CEP provision to provide free meals to 13.6 million children.<sup>ii</sup> While schools set the price of a full-cost meal, the federal government determines the reimbursement rate for meals provided for free and those provided at a reduced cost, which is often less than the value of the subsidy provided to the student. In general, reimbursement for meals provided to students eligible for free breakfast or lunch is higher than for meals provided at a reduced cost. CEP schools are reimbursed at an even higher rate for each meal provided based on a formula using a program multiplier and the share of students categorically eligible for free meals.<sup>iii</sup> The multiplier increases the number of meals considered to be provided for free (not to exceed 100 percent). For instance, a CEP school with 50 percent of the students categorically eligible will have  $(50 \times 1.6)$  80 percent of their meals reimbursed at the free meal rate. Any CEP school with at least 62.5 percent of students categorically eligible for free meals will have 100 percent of their meals reimbursed at the free meal rate.

The BBBA would temporarily increase the payment rate further for free meals provided by CEP schools. Specifically, the legislation would increase the multiplier beginning July 1, 2022, through June 30, 2027, from the current rate of 1.6 to 2.5. This would allow any CEP school with 40 percent or more students categorically eligible for free meals to have 100 percent of meals reimbursed at the free meal rate. The higher reimbursement would presumably offset costs incurred by states and local school districts since reimbursement rates do not cover the full cost of providing such meals, as explained [here](#).<sup>iv</sup>

In addition to increasing the payment rate, more schools would be eligible for the community eligibility option during the same period. The legislation would reduce the eligibility threshold for any individual local educational agency (LEA) from 40 percent of students qualifying for a free meal to 25 percent. Further, there will be a new option to allow statewide eligibility by considering the eligibility of all students across the state collectively rather than separately for each local district, as long as the states provide additional funding from a non-federal source to cover any cost to LEAs not covered by the

enhanced federal reimbursement.

The current meal reimbursement rate is \$3.66 for free lunches and \$1.97 for free breakfasts.<sup>v</sup> Providing lunch and breakfast to 13.6 million children at CEP schools—assuming an average free meal eligibility rate of 40 percent (the lowest possibility) and including the current multiplier of 1.6—costs \$13.2 billion per year. Increasing the multiplier to 2.5 would increase the cost to \$13.8 billion per year (based on this year’s reimbursement rates). Assuming constant eligibility rates, this change would increase the cost to the federal government by \$3.1 billion over five years, at a maximum.

If the current average free meal eligibility rate is higher, the cost of this provision relative to existing costs would decline because more meals are already being reimbursed at a higher rate. For example, if the current free meal eligibility rate at CEP schools is 60 percent, the current multiplier of 1.6 would yield costs of \$13.7 billion per year; the higher multiplier would still cost \$13.8 billion with a five-year increase of \$343 million.

The provisions to expand CEP eligibility will, of course, increase the cost further. The Urban Institute found that lowering the eligibility threshold from 40 percent to 25 percent would increase the number of schools individually eligible for CEP by 24 percentage points.<sup>vi</sup> The White House states the provisions to expand eligibility will allow an additional 8.9 million children to receive free meals, which—with the increased multiplier—would cost \$8.6 billion per year (assuming a 25 percent eligibility rate for these newly eligible schools and maximum participation).<sup>vii</sup>

Together, these changes to expand CEP eligibility and increase the reimbursement rate would cost an estimated \$46.1 billion over five years relative to current expected costs based on the above assumptions. It is important to note, however, that not all newly eligible students will choose to eat a school meal just because it’s free.

## **Summer Electronic Benefits Transfer for Children**

The legislation would allow the opportunity for children eligible for free or reduced-price school meals to also receive nutrition assistance while on summer break for the summers of 2023 and 2024. Each household would receive \$65 per month per eligible child, plus an inflationary increase to reflect any cost increases in the [Thrifty Food Plan](#) in 2024. States will be required to automatically enroll eligible children. Households will be allowed to use the funds to purchase foods approved under the [Special Assistance for Women and Children \(WIC\) program](#) or [Supplemental Nutrition Assistance Program \(SNAP\)](#).

With 29.6 million children receiving financial assistance for school meals in 2019, this provision would cost an estimated \$11.5 billion over the six summer months of 2023 and 2024.viii

### **Healthy Food Incentives Demonstration**

The legislation includes limited funding to help states improve nutrition among children. In 2022, \$250 million will be provided through grants to states to improve the nutritional quality of meals and snacks served through federal child nutrition programs; to reduce the availability of less healthy foods during the school day; to increase the provision of local, culturally appropriate foods and foods produced by underserved or limited-resource farmers; or to fund a statewide nutrition education coordinator.

### **School Kitchen Equipment Grants**

States would also be able to receive grants to train school cooks how to prepare meals from scratch and purchase new kitchen equipment in order to serve healthier meals and improve food safety. Total funding for this provision is \$30 million available from 2022 to 2030.