

# Recommendations of the Universal School Meals Task Force

Subtitle: Act 67 of 2021, Section 9

**REPORT**  
January 15, 2022

**DRAFT**

Report to the House and Senate Committees on  
Education, Appropriations, the House Committee  
Agriculture and Forestry, and the Senate  
Committee on Agriculture

Submitted by the Universal Meals Task Force

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## Legislation

[Section 9 of Act 67 of 2021](#) enacted by the Vermont Legislature in 2021 required that a task force - composed of the: Secretary of Education or designee, Secretary of Human Services or designee, and Secretary of Agriculture or designee – be created to investigate and make recommendations to the legislature on how, not later than the 2026– 2027 school year, to achieve the goal of providing universal school lunch for all public school students at no cost to the students or their families. Specifically, the task force was charged with:

- Recommending funding sources for universal school lunch,
- Recommending what data should be collected by local education agencies, school districts, and schools to qualify for federal funds based on student poverty, the means by which the data should be collected, the frequency of collection, and how this data should be reported to the Agency of Education and the frequency of this reporting,
- Considering how other states offer and fund universal school meals at no cost to students or their families, and
- Meeting with Vermont’s federal delegation to discuss what changes could be made to federal law and regulations to more readily facilitate universal school meals.

The following report is respectfully submitted in fulfillment of this responsibility by:

**Mary (Rosie) Krueger**, Director of Child Nutrition Programs, Agency of Education (AOE) and Task Force Chair

**Alyson Eastman**, Deputy Commissioner, Agency of Agriculture, Food and Markets

**Sean Brown**, Commissioner, Department of Children and Families, AHS

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### TK EXECUTIVE SUMMARY TK

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## Background on School Meals Programs – Current State

### Snapshot of School Meals in Vermont

[16 V.S.A. § 1264](#) requires all public schools to offer school lunch and breakfast using the National School Lunch Program (NSLP) and School Breakfast Program (SBP) to each attending student every school day. There is an exemption process in 16 V.S.A. § 1265. Currently, only two public schools do not offer school meals using these programs. The NSLP and SBP are also open to independent schools, and approximately 20 Independent schools in Vermont also offer these programs. The NSLP and SBP are federally funded programs that are strictly regulated by the U.S. Department of Agriculture (USDA). The Vermont Agency of Education (AOE) is the state agency responsible for implementing these programs in Vermont.

Under standard operation of the NSLP and SBP, healthy school meals are available for purchase by all students, and some students receive meals at no charge, funded by the federal government. “Universal School Meals” refers to the concept that all meals are made available at

no charge to all students. This is allowed under the NSLP and SBP, but generally requires additional state or local funding.

In school year 2018-2019, public school students in Vermont ate 7,544,462 school lunches and 4,157,144 school breakfasts through the NSLP and SBP. This means that each day, approximately 42,000 students (55%) ate school lunch, and approximately 23,000 students (30%) ate school breakfast. Statewide in 2018-2019, approximately 56% of school lunches and 70% of school breakfasts were served at no cost to students through state and federal funding. Before the COVID-19 pandemic, 77 schools served breakfast and lunch at no charge to all students.

During COVID-19, waivers from the federal government have allowed meals to be served at no charge to all students state-wide, with all meals paid for with federal funding. These waivers end in June 2022.

### How School Meals are paid for in a “Pricing” program

In the NSLP and SBP, families with incomes under 130% of the federal poverty level qualify for free meals. This means the federal government pays the school \$3.73<sup>i</sup> for each lunch served, and \$1.97 for each breakfast served. Families between 130% and 185% of the federal poverty level qualify for “reduced price” meals. However, in Vermont, the State pays for the family’s share of the cost. For each reduced-price lunch served, the federal government pays \$3.33, and the state pays \$0.40. For each reduced-price breakfast, the federal government pays \$1.67, and the state pays \$0.30. Families above 185% of the federal poverty level qualify for “paid” meals. The federal government subsidizes the paid meals with \$0.42 per lunch served and \$0.33 per paid breakfast served. The student’s family pays the remainder, usually around \$3.30 per lunch and \$1.97 for breakfast, depending on the school. The federal government also provides \$0.3975 worth of USDA Foods for each student lunch served, regardless of free, reduced or paid status. This means that schools usually have about \$4.12 to pay for food, labor, supplies, equipment and administration to produce each lunch, and between \$1.97 to pay for each breakfast.

**Table 1: Average Vermont Price Per School Meal (School Year 2021-2022)**

Lunch contribution	Free	Reduced Price	Paid
Average family contribution	-	-	\$3.31
USDA foods contribution	\$0.3975	\$0.3975	\$0.3975
Federal Funds	\$3.73	\$3.33	\$0.42
State of Vermont	-	\$0.40	-
Total funds to produce each lunch	\$4.1275	\$4.1275	\$4.1475

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<b>Breakfast contribution</b>	<b>Free</b>	<b>Reduced Price</b>	<b>Paid</b>
Average family contribution	-	-	\$1.64
USDA foods contribution	-	-	-
Federal Funds	\$1.97	\$1.67	\$0.33
State of Vermont	-	\$0.30	-
Total funds to produce each breakfast	\$1.97	\$1.97	\$1.97

The AOE has not independently determined whether these reimbursement rates accurately reflect the actual cost to produce each meal. However, we do know that many schools run food service account deficits, which suggests that these funds are not enough to cover the true cost of producing the meals. The last USDA School Lunch and Breakfast Cost Study, conducted in 2005-06, indicated that on average nationwide, revenues only covered 84% of the full cost of providing meals.

### **Qualifying for Free & Reduced Meals**

Students may be “directly certified” to receive free meals because they participate in other means-tested programs with a cut-off of 130% of the federal poverty level, including 3SquaresVT (SNAP) or Reach Up (TANF). In addition, students identified by a school official or the state as participating in Head Start, or as Homeless, Migrant or State Placed Foster are all considered to be directly certified.

Families may also qualify for free or reduced-price meals by submitting a Free or Reduced-Price Meals (FRL) application showing that their income is below 185% of the federal poverty level. School officials are required by USDA to conduct verification of 3% of FRL applications each year, meaning they contact households to require that they submit paystubs, tax returns, and other information corroborating the information provided on the application.

As of 2019, approximately 18,000 Vermont students were directly certified for free school meals, while an additional 11,000 qualified for free or reduced price meals based on FRL applications.

### **Options for Offering Universal Free Meals**

USDA allows schools to offer meals at no charge to students in four different ways. These are the Community Eligibility Provision (CEP), Provision 2 and Provision 3, and Non-Pricing. The vast majority of sites currently offering meals at no charge use the Community Eligibility Provision with most of the rest using Provision 2; no sites utilize Provision 3. A few sites run Non-Pricing programs.

#### **Community Eligibility Provision**

CEP is a universal meals option for the highest poverty schools. Under current USDA rules, only schools where 40% or more of the students are directly certified are eligible to apply. The number of directly certified students (called the Identified Student Percentage or ISP) is multiplied by 1.6 to obtain the percentage of meals that will be reimbursed at the “free” rate. All other meals are reimbursed at the “paid” rate, and the remaining costs must be paid for with non-federal funds. The school counts the number of meals served and multiplies that by these free and paid claiming percentages.

CEP schools are not allowed to collect FRL applications since they are unnecessary to determine meal eligibility. Such schools use an AOE-developed Household Income Form (HIF) to collect the student level income information necessary for a variety of educational purposes – see below. However, return rates for the HIF are generally lower than for FRL forms.

The percentage of meals claimed as “free” stays the same for 4 years, or a school has the option to reestablish their numbers each year if the directly certified percentage increases. After 4 years, a school must re-establish their ISP. At that time, if a school’s ISP has dropped below 40%, they may continue to operate the program in a grace year, but they cannot continue the program beyond that if their ISP remains below 40%. The AOE is required to review the data used to establish the ISP once during the 4-year cycle. This review typically takes 1-2 hours per school.

For schools with an ISP of around 60% or more, the 1.6 multiplier means that 100% of the meals served to students receive federal reimbursement at the free rate. However, for schools with an ISP closer to 40%, the cost of covering the “paid” meals with non-federal funds can be a significant burden on local school districts. Sixty-four schools in Vermont are currently participating in CEP. As the economy began to improve prior to COVID, we were seeing fewer schools qualify for CEP, or worse rates for those who did qualify. With the economic impacts of COVID, more schools have qualified at higher rates – however, if the economy again begins to improve in future years, some schools who had previously offered CEP may need to return to pricing programs, or switch to Provision 2. Historically, almost all of the Vermont schools who have qualified for CEP have chosen to participate in it – there have been very few schools who qualified but did not utilize the option.

Congress currently is considering expanding eligibility for CEP by reducing the ISP threshold for qualification from 40% to 25% and increasing the multiplier for meals reimbursements to 2.5. Should these changes be enacted into law, the percent of Vermont schools qualifying for CEP is projected to increase from approximately 22% to just over 50% (source: [Urban Institute: Proposed Changes in Reconciliation Bill Would Expand Universal Free Meals but Might Complicate K–12 Funding](#)) Such a change would substantially reduce the projected state cost of universal meals implementation. See cost section below. Congress is also considering a change which would allow for statewide implementation of CEP with all schools in one group and no minimum threshold for participation.

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## Provision 2

Under Provision 2, schools collect free and reduced meal applications and direct certification information during the first “base” year of operation. They do not charge for the meals, but they track the status of the students who eat during the first year and claim reimbursement from USDA and the state based on the number of free, reduced and paid students who eat. In the three subsequent years, the percentages of free, reduced and paid students who ate during the first year are applied to the total number of students who eat, so individual status is no longer tracked, reducing administrative burden. In all years, the school must come up with a non-federal source of funds to pay for the “paid” student meals, which can be a significant local-level expense. In the 5th year, the school must re-establish their claiming percentages by again collecting applications and tracking the status of each student who eats. If the school can demonstrate that the socioeconomic status of the community is unchanged, the state may grant an extension of the percentages set in the initial base year for an additional 4 years. During the base year, USDA requires that the AOE review all of the schools’ applications to ensure accuracy. Depending on the size of the school and number of errors found, this base-year review and subsequent report can take approximately 8 hours of labor at the state agency level for each school.

Schools participating in Provision 2 are not allowed to collect FRL applications in Years 2-4. To collect student-level poverty data for other educational programs, they may collect the AOE-developed [Household Income Form \(HIF\)](#). As noted above, return rates for the HIF are generally lower than for FRL forms. When attempting to collect FRL applications to start a new cycle in Year 5, schools typically report difficulty in getting households to complete new forms, as households have become used to receiving free meals without application. As a result, when attempting to calculate costs for Provision 2, it is often helpful to rely just on the school’s direct certification rate to calculate the expected free claiming percentages long-term.

If Congress does not make the changes currently under consideration to allow for state-wide implementation of CEP, then requiring all schools who are ineligible for CEP to participate in Provision 2 is the most viable way of accomplishing universal meals state-wide in Vermont.

### **Provision 3:**

Under this provision, a school can opt to simply receive the same level of federal cash reimbursement and USDA Foods assistance each year, for a period of 4 years, based on what was received in the last year for which they made eligibility determinations and counted meals.

At the end of each 4-year period, the state may approve a 4-year extension if the school can show that there is no change to the economic status for the students (through census or other data). The amount is adjusted each year to reflect changes in inflation and enrollment. The school does not charge for meals, and the additional revenue needed to support the program must come from a non-federal source. No Vermont schools currently participate in this option.

### **Non-Pricing Program**

In this option, a school collects applications and direct certification information for its students each year, and the school claims reimbursement based on the status of the students who eat. Students in “paid” status are not charged for the meals, and a non-federal source of funds must be used to cover the family’s share of the paid meal cost. This option is generally slightly less financially advantageous than Provision 2, but typically a few schools operate this option each year.

### **Ongoing Efforts to Increase Direct Certification Rates**

Increasing the number of students who are directly certified is critical to increasing the number of schools eligible for CEP, increasing the financial viability of operating Provision 2, and ensuring that we continue to have an accurate metric of student poverty for non-child nutrition program purposes if we cease collecting free and reduced meal applications. Recognizing this, the AOE has recently taken several steps to improve direct certification efforts.

Vermont has already made significant improvements in our direct certification process. In SY18-19, USDA determined that Vermont had achieved a 100% direct certification match rate for students participating in 3SquaresVT (SNAP), meaning all students who participate in 3SquaresVT/SNAP are correctly directly certified. 3SquaresVT (SNAP) is the largest source of direct certification for free school meals. However, students may also be directly certified if their households receive Reach Up (TANF), if they are identified by a school official or the state as participating in Head Start, or as Homeless, Migrant, Runaway, or State-placed Foster. Vermont’s direct certification process for Reach Up (TANF) is identical to that for 3SquaresVT (SNAP) and is likely to be capturing nearly 100% of these students. However, the direct certification processes for the other categories are left up to the local level, even though the state does have state-level information on State-placed Foster and Migrant students. Because of this discrepancy, it is likely that we are currently missing opportunities to directly certify students in these remaining categories.

AOE and the Vermont Agency of Human Services (AHS) are currently updating the data sharing agreement and procedures used for communicating about students receiving AHS services. This will allow AOE to push out information to schools about State-placed foster students who could be directly certified, in the same way that schools are currently notified about students in households receiving 3SquaresVT and Reach Up benefits. In addition, AOE has recently received a 3-year grant from USDA to improve vertical data sharing between the AOE and the supervisory union/school district (SU/SD) level, which should improve direct certification efforts around homeless/runaway, migrant, and Head Start students. These efforts require full commitment by multiple state agencies (AHS and its associated departments, AOE, and the Vermont Agency of Digital Services) to the data sharing mechanisms (such as MOUs) and data governance efforts to ensure that data standards, privacy, and security are maintained, as well as participation in available data-sharing demonstration projects that enable sharing of information on students’ whose household participation in eligible public benefit programs and/or whose status as a member of a group qualify them for directly certification for free school meals under federal law.

USDA has recently announced the expansion of a pilot program for states to use student Medicaid data for direct certification purposes in addition to the current factors. AOE and the Vermont Department of Health Access (DVHA) are currently in discussions about applying for this USDA Medicaid Demonstration Project, with the intention of applying for the pilot in 2022, and implanting Medicaid data matching starting in School Year 2023-2024. This would be a substantial data sharing effort. The AOE expects this effort will yield, as it has in other states, significant numbers of additional students who are eligible for direct certification because of Medicaid participation but whose families do not qualify for or choose not to participate in other public benefit programs.

The success of the Medicaid Demonstration Project and other such current and future interagency data sharing efforts requires material investment in upgrading and expanding the technologies to enable such sharing vertically (from local to state) and horizontally (from other state agencies and departments to AOE). This work requires funding the implementation of data standards and infrastructure that would connect local level data systems to AOE systems through modern toolsets and federally defined data standards. Additionally, managing and maintaining these data and their lifecycle across multiple state agencies responsible for human services provision requires additional staffing. AOE has observed that other states' education agencies typically have a minimum of three staff members dedicated to this work. Currently, VT is anomalous in its lack of dedicated staffing in this area.

### **Educational Uses of FRL Data Collected for Meals Eligibility**

Any move to universal meals will likely result in fewer FRL applications collected. This would either be because schools would be prohibited from collecting FRL applications under CEP and Years 2-4 of Provision 2, or because households would be reluctant to return applications in Year 1, 5, etc. in Provision 2 without the meals incentive.

This poses a significant challenge because in addition to their use in qualifying students for free or reduced-price school meals, USDA Free and Reduced-Price Meals (FRL) applications, and household income forms (HIFs) in CEP and provision schools, are used to gather the basic income information needed to determine school/SU/SD and student-level eligibility for many types of educational benefits and programs. Furthermore, information gathered via these forms is used to perform federally-required disaggregation of student performance data by poverty and to conduct associated public reporting and equity determinations. Examples of such uses include:

#### **School level eligibilities**

School level educational programs and activities:

- Title I Targeting and Ranking to determine Title I school eligibility
- Eligibility to operate Title I Schoolwide Program
- Under Part B of the IDEA, States are required to make subgrants to eligible LEAs (15 percent of the remaining funds based on poverty)



- Eligibility for loan forgiveness for teachers (national program)
- One-off state grant program eligibility
- Eligibility for 21st CCLC (afterschool and summer) programs
- Eligibility for ERATE (uses end of Oct info.) (national program)
- Flexible Pathways:
- VT lottery maker space grant (state level)
- Broadband initiatives that rely on measures of economic disadvantage (e. g. T-Mobile Program)
- AAFM Farm to School Grants
- Qualification for Community Schools grants within Act 67 enacted by Vermont State Legislature in 2021
- Eligibility to participate in a variety of supplemental Child Nutrition Programs (ex. Fresh Fruit and Vegetable Program, NSLP Afterschool Snack Service, CACFP At-Risk After School Meals)
- Eligibility to operate open summer meals sites
- Preference on Food Service equipment grant programs for schools with FRL>50%
- Eligibility for additional “severe need” federal reimbursement for breakfast and lunch for schools with high meals participation among low- income students
- Higher reimbursement payments are provided to Day Care Home Providers in areas served by schools with FRL>50%

### Student-level eligibilities

#### Individual student/family level activities

- Waivers of SAT and other testing fees (national program)
- Waiver of college application fees
- Comcast discounts (state level)
- Flexible Pathways:
- VSAC stipend eligibility for students for Dual Enrollment and Early College
- Governor’s Institutes of Vermont grant (the grantee offers reduced rate/scholarships to the program)

### Accountability and mandatory data reporting

#### Federal accountability activities:

- Determinations of disparities between non-low-income and low-income students on student assessment measures - equity determinations
- Supplemental resources distributed based on Equity determinations
- Perkins accountability metric disaggregation and related improvement plans (state level and local level)
- 21st CCLC annual reports to USDOE
- Exclusionary practices data

Publicly shared data:

- Vermont Education Dashboard – Student Characteristic Variable for SES Across Year
- Annual Snapshot – Any SES variable that uses FRL
- 21st CCLC evaluations
- NESSC Common Data Report
- Dual Enrollment Legislative Report
- Early College invoicing and Legislative Report

### **Pupil Weighting Factors**

The Task Force on the Implementation of the Pupil Weighting factors recently published their [Report](#) which included a recommendation that FRL data begin to be used as an interim metric of student poverty for determining state-wide education funding. Recognizing the potential implications of a shift to universal meals on this metric, that Task Force recommended an eventual shift to a Household Income form (called a Universal Income Declaration form in that report). This is in line with this task force’s recommendation, below.

Any changes to meals eligibility such as universal meals that reduce the reliance on FRL applications must account for the knock-on impacts on all these other educational programs and activities and on required disaggregated performance reporting and school accountability. See the Alternative Poverty Metrics to Accompany UM Implementation in Vermont section of this report for how the AOE proposes to address these issues within the universal meals context.

### **Costs for UM Implementation in Vermont**

It is important to note that all schools participating in the federal child nutrition programs have the option to offer Universal Meals through Provision 2. Any school qualifying for CEP also has the option to offer Universal Meals through CEP. 77 Vermont schools were providing universal meals to their students prior to COVID-19 through participation in the CEP and Provision 2 programs and were covering the cost beyond the federal reimbursement via their local general fund which impacts the state Education Fund. In 18-19, AOE estimates that schools offering Universal Meals were required to contribute approximately \$2.35 million of local general funds to their food service programs to make up the funding that would have come from “paid” households had the school not offered Universal Meals. The task force notes that this situation is creating inequity in terms of student and family access to meals and taxpayer burden across the state. The 77 schools offering universal meals prior to COVID-19 were generally the highest poverty schools that required smaller amounts of local funding to offer universal meals – therefore it would not be appropriate to use the cost for these 77 schools to extrapolate the universal meals costs for the remaining schools.

Since March 2020, USDA waivers have allowed all schools to provide meals at no charge to all students using federal funding. These waivers currently are set to expire in June 2022. If

nothing changes at the federal level, the only option for most schools to continue participating in Universal Meals would be for these schools to participate in Provision 2. Those schools eligible for CEP would continue to be able to participate in that option.

In the 2021 session, the Joint Fiscal Office provided [an estimated additional cost of \\$24 – \\$40 million for implementation of universal meals in Vermont](#). This estimate included both breakfast and lunch. The low and high estimates varied based on different assumptions of how many students would eat both breakfast and lunch and how many households would continue to submit free and reduced meal applications for Provision 2 schools if all meals were free.

Changes proposed in the Build Back Better (BBB) bill would increase the number of schools eligible for CEP and therefore, the number of meals eligible for full federal reimbursement. If BBB passed in its current form, the total state cost would be reduced to \$18.4 – \$23.3 million.<sup>iii</sup> Since an estimated \$2.3 million is already being spent by schools currently offering universal meals, the net additional cost for statewide universal meals is estimated to be \$16.05 – 20.95 million if the BBB passes in its current form. Note that the current federal legislation only runs through School Year 2025-2026, meaning there would be some risk to the state in pursuing this option if the federal changes passed, but were not extended beyond 2026.

In addition to the funding required at the local level to pay for additional meals, a successful move to universal meals state-wide will require additional funding for positions and infrastructure at the state level to improve direct certification and handle the transition to statewide use of a HIF. These specific items are detailed in the legislative recommendations section.

### **Funding Mechanisms for Universal Meals in Vermont**

Whatever the additional cost to the state, the legislature would need to identify an appropriate funding mechanism to cover this cost. There are three options: State General Fund, a state-level “off-the top” appropriation from the state Education Fund, or requiring that local districts charge their local-level costs to the state Education Fund.

#### **State General Fund**

The legislature could appropriate state general fund to the AOE for the purposes of covering the difference between the federal “paid” and “free” reimbursement rates. This would be structured similarly to the way that the state currently pays for reduced-price households, a cost that is currently borne by the General Fund. The legislative language should allow for the difference between the federal “paid” and “free” reimbursement rates to update annually. Structured this way, funding would come from the variety of sources that contribute to the state’s General Fund, including income taxes and fees.

#### **State Level Appropriation from the Education Fund**

The legislature could appropriate funding “off-the-top” of the state Education Fund to the AOE for the purposes of covering the difference between the federal “paid” and “free”

reimbursement rates. The reimbursement to school districts would be structured identically to the state General Fund appropriation described above, but the funding source would be different. Structured this way, funding would come from property taxes and would impact taxpayers similarly across the state.

### Local Level Funding from the Education Fund

Earlier legislative proposals suggested requiring local school boards to cover the cost of universal meals out of local school budgets. This would ultimately impact the Education Fund, but with different impacts to local property taxes and school district budgets across the state, depending on the specific costs to implement universal meals in each school district. The taskforce does not recommend this approach. These costs would need to be incorporated into local school budgets and voted on, even though the requirement to participate in school meals would be mandated by the legislature in an unfunded mandate. This could cause school boards to need to cut other programs to pay for universal meals in order to pass their school budgets. It would also be complicated to structure this in such a way that it does not penalize some schools for increases to per-pupil spending caused by universal meals.

Advocates for this approach have suggested that it is a good way to hold spending on the school meals programs down. However, setting a set per-plate reimbursement for paid meals as is described in both of the state-level funding approaches would also effectively incentivize school districts to keep spending on the meals program within that set reimbursement rate.

### Alternative Poverty Metrics to Accompany UM Implementation in Vermont

ISPs with a multiplier could reasonably be used to determine and compare school-level poverty rates. However, such an approach is not without challenges. Below is a table looking at the percent of schools with a percentage of students above varying thresholds of poverty including a range of possible multipliers for direct certification (including homeless, migrant and Head Start students as qualifying students; Medicaid data not currently available). Column percentages refer to percentages of schools that would qualify at each threshold using FRL and ISP with various multipliers. The row headers delineate 5 percent increments in potential thresholds for program qualification. (The majority of current programs define school-level eligibilities in terms of 40% of students in poverty or less, with FRL being at the higher end of 40%.)

This analysis allows us to see the discrepancy between using FRL and direct certification with a multiplier as measures of poverty. It also calculates likely differences between the two in terms of impacts on school-level eligibilities for programmatic benefits. **Highlighted in yellow** is the value that was the closest to FRL. A 1.9 multiplier matches FRL until you hit a 45 percent threshold, then the multiplier gets smaller the higher the threshold. Note that no single multiplier replicates FRL percentages closely at every threshold. The AOE would need flexible authority to determine an appropriate multiplier to apply depending on the purpose of the program in question. Furthermore, FRL is not the gold standard for determining poverty. It is merely what states have used for many years. Whatever alternative metric, including ISP with a

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multiplier, the AOE might determine what would be best, it would need to take into consideration impacts on the relative poverty ranking of schools/SUs/SDs.

Threshold	FRL	1.9 Multiplier	1.8 Multiplier	1.7 Multiplier	1.6 Multiplier	1.5 Multiplier	1.4 Multiplier	1.0 Multiplier
5 percent	99.31%	99.66%	98.97%	98.97%	98.97%	98.63%	98.28%	96.22%
10 percent	97.22%	95.88%	95.88%	95.19%	94.16%	92.78%	92.10%	84.54%
15 percent	93.06%	90.38%	89.35%	87.63%	85.91%	84.54%	81.44%	68.38%
20 percent	84.72%	82.13%	80.76%	77.66%	74.57%	72.51%	69.76%	48.45%
25 percent	71.88%	72.51%	70.45%	68.73%	66.32%	61.51%	59.11%	31.62%
30 percent	65.63%	65.64%	61.51%	60.14%	55.67%	48.45%	42.96%	21.65%
35 percent	55.56%	56.70%	51.20%	46.74%	41.24%	36.43%	31.62%	14.09%
40 percent	42.36%	43.99%	39.86%	35.74%	31.62%	28.52%	24.40%	9.28%
45 percent	29.17%	35.74%	31.62%	29.55%	25.77%	21.65%	17.87%	5.15%
50 percent	20.83%	30.58%	26.80%	23.02%	18.90%	15.81%	13.40%	2.75%
55 percent	13.89%	23.37%	20.27%	17.53%	14.43%	12.03%	9.62%	1.72%
60 percent	7.29%	18.56%	15.81%	13.75%	11.34%	9.28%	6.87%	1.37%
65 percent	3.47%	14.43%	13.06%	11.00%	8.93%	6.53%	3.44%	NA
70 percent	2.78%	11.68%	9.97%	8.59%	6.53%	3.44%	2.75%	NA
75 percent	1.39%	9.62%	7.90%	6.19%	3.44%	2.75%	2.06%	NA
80 percent	NA	7.22%	5.84%	3.44%	2.75%	2.06%	1.72%	NA
85 percent	NA	5.50%	3.44%	2.75%	2.06%	1.72%	1.03%	NA
90 percent	NA	3.44%	2.75%	2.06%	1.72%	1.37%	NA	NA
95 percent	NA	2.75%	2.06%	1.72%	1.37%	0.69%	NA	NA

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Furthermore, even if ISP with a multiplier were to become the AOE’s chosen method for determining **school-level** poverty with implementation of universal meals, the AOE would still need **student-level** household income information to determine eligibility for student benefits and to comply with federal accountability requirements as outlined above. This is complicated by the fact that, as stated above, with universal meals, there would be reduced motivation for households to return HIFs or FRL applications and for school officials to distribute and collect

them since form completion would no longer be tied to a concrete benefit at the student level. Additionally, there likely will be increased resistance by families to providing personal income information without the link to meal qualification.

Understanding these challenges and the many uses of the FRL and HIF data, the AOE has been working internally across divisions (including child nutrition, data and accountability, and educational programs) for 12 months now to consider alternative poverty metrics and the implications of each, in preparation for the possibility that Vermont might adopt universal meals, as happened in the past session. This internal working group also has been consulting with national partners including the Council of Chief State School Officers.

Consideration of these AOE discussions, as well as outreach to representatives from California and Maine (see below) concerning implementation of their universal meals bills has led the Task Force to conclude that efforts to gather household income data via FRL applications and HIF forms will not only continue to be necessary but will become even more necessary in coming years in order to effectively implement universal meals in Vermont without disrupting educational programming. This will continue to be the case until and unless the US Department of Education adopts a new nationwide standard poverty metric to replace use of FRL, which is not currently envisioned.

In order to facilitate successful transition to universal meals without disruption of educational programming statewide, the Task Force believes that the AOE will need support to require schools to make a good-faith effort to continue to collect FRL applications and HIFs whenever FRL applications cannot be collected, in order to provide essential **student-level** poverty information. In addition, households will need to be encouraged to continue returning the FRL applications when allowed by USDA (Year 1, 5, etc. of Provision 2). Return of HIFs and FRL forms in the absence of the meal incentive is likely to require comprehensive explanation to families and schools in order to attain a high return rate. USDA funds may not be used for any efforts related to HIFs, as they are not needed for the USDA programs.

Furthermore, USDA rules require schools to verify the accuracy of 3% of the FRL forms collected each year. They are allowed to use staff paid with USDA child nutrition funds for this purpose. There currently is no such state or federal requirement for verification of HIF data, nor may schools or AOE use USDA-funded staff to fulfill this task. If more schools move to using the HIF instead of the FRL application as is anticipated under expansion of CEP eligibility, the Task Force shares the AOE's concern that the data reported by households may not be as accurate as the FRL application data. The accuracy of the data provided by families becomes increasingly important to enable fair and accurate distribution of associated educational benefits and accountability determinations. Conducting a similar annual verification process on 3% of HIF forms would address this concern. Because this would be a state-level process, the legislature could set the parameters for this verification process. Management of verification at the state level is preferable, in order to remove the paperwork burden on schools and because determination of an appropriate poverty metric for the many educational uses of such data is a state responsibility and priority. However, this would require additional staff at the AOE to

conduct this work. The AOE estimates that to conduct all of the suggested HIF-related work at the AOE would take an additional 3 full time positions. This work would include promoting and supporting household and school completion of FRL and HIF forms, conducting annual verification of household income data provided by a subset of families, development and annual updating of collection materials, provision of training and field support for collection activities, and responding to related data requests in partnership with local staff.

## Stakeholder Outreach and Feedback

As required in Act 67, the Task Force solicited comment on the four questions concerning universal meals implementation that were outlined in the law. Feedback was solicited from the following organizations: Hunger Free Vermont, The Vermont Superintendents Association, The School Nutrition Association of Vermont, The Vermont School Boards Association, The Vermont Council of Special Education Administrators, The Vermont Principals Association, and The Vermont-National Education Association.

Four organizations provided written feedback: Hunger Free Vermont and a combined submission from the Vermont Superintendents Association, Vermont Principals Association, and Vermont School Boards Association. The full comments from each organization are posted on the [Taskforce webpage](#).

Hunger Free Vermont recommended the following:

- Include breakfast as well as lunch in all discussions of universal meals in Vermont. Act 67 referenced only lunch but the prior Senate bill upon which it was based included breakfasts as well. Under CEP, both breakfast and lunch are provided.
- Use the Education Fund, and specifically categorical aid, to cover the non-federal share of the cost. Specific language they proposed is:
  - From State funds appropriated to the Agency for this subdivision, the Agency shall reimburse each school district that made available school breakfast and lunch to students at no charge under subdivision 1264 (a)(1)(B) of this title for the cost of each meal actually provided in the district during the previous quarter to the extent that cost is not reimbursed through federal funds or other State funds.
- Require LEA collection of a statewide HIF and make it available in both paper and online versions. Specific language they proposed is:
  - School districts will use the Household Information Form to collect data from families in order to identify economically deprived students for the purposes of identifying federal funds that may be available to the districts. The form shall be titled "Household Information Form" and each school district will collect information for every student, regardless of household income. The form will employ best practices, including being accessible for people with disabilities, being available online, using plain language, and offering choices for income questions rather than blank spaces. The form shall not require any attestation or indicate any potential consequences for inaccurate information. The form shall have a clear statement that it is to be filled out for every student and the

information will be used to calculate educational funding allocated to school districts. The form shall not require a social security number for any student or household member. The form may include a section for the school to ask questions in order to provide the student/family with information about specific programs or services that they may qualify for. This section should be marked as optional and should clearly state what it is for.

- Require LEAs to collect but the SEA to process these HIFs.

The VSBA/VPA/VSA recommended the following:

- Use the General Fund to cover the non-federal share of the cost. Their rationale is that:
  - The issue of providing healthy meals and good nutritional opportunities for Vermont's children is a matter of societal interest and should not be left to the education system or education taxpayers particularly at a time when, despite federal funds and surpluses, operating budgets are stressed and certain priorities for public education such as facilities, pension fund shortfalls and workforce shortages are being neglected or insufficiently addressed.
- Processes for collecting, administering, and reporting student poverty data should be kept to the “absolute minimum required to gather accurate data” and should be considerate of the many “underestimated and misunderstood” burdens placed on LEAs when new legislation is enacted.

## Other States' Universal Meals Legislation

As one of the charges of Act 67, the Task Force was asked to investigate how other states are implementing their universal meals laws. Thus far, California and Maine are the only two states to have passed such legislation, other than Vermont. The AOE reached out to representatives from these two states to inquire how they are implementing their recently enacted universal meals laws.

### California

#### Universal meals model

California (CA) is taking a layered approach to implementation of their universal meals law *School Meals for All Students*, which requires that two meals per day be provided free to all K-12 students. Their approach is to maximize drawdown of federal dollars (and minimize state cost) by maximizing students' eligibility for federally reimbursable free and reduced-price meals. Per their state director, they are doing this by:

- a. Mandating that any school seeking state funding for their meals program participate in the National School Lunch (NSLP) and School Breakfast (NBP) Programs.
- b. Mandating that all schools' participating in these programs continue to collect the federally required FRL forms to identify students eligible for free or reduced-price



- meals based on household income (some of their students also will be deemed eligible through direct cert/categorical eligibility counts).
- c. Mandating that any school eligible to operate the NSLP/NBP under CEP rules (40% or greater low income based on direct certification/categorical eligibility data) apply to participate in this USDA option.
  - d. Mandating that schools participating in CEP collect family income data using an household income form (HIF) the state education agency has developed for this purpose to provide the data needed for other educational purposes, including implementation of CA's newly enacted Local Control Funding Formula (LCFF) and Title programs.
  - e. Their new meals law is effective in the 21-22 school year.

#### **Funding source for state share of meals**

The state share of student meals, i.e., the share remaining after accounting for USDA meal reimbursements, will be covered with CA Proposition 98 funding, which requires minimum percentages of the CA state budget to be spent on K-14 education.

#### **How poverty will be calculated for educational programs and purposes**

The plan is to continue to use FRL percentages and CEP ISPs complemented by the HIF information.

For LCFF purposes, LEAs have an option to establish a different LCFF base year or use the NSLP CEP base year. Schools may perform the LCFF base year data collection during the same year that they establish a Provision 2/3 base year under the NSLP, in which case, NSLP applications can be used for LCFF purposes. CEP schools do not collect NSLP applications so those schools must use HIFs to determine pupil eligibility, even in base years.

#### **Maine model**

##### **Universal meals model**

Like CA, Maine (ME) is following a layered approach based on maximizing federal meals reimbursement opportunities.

- a. They will be encouraging schools with ISPs of 40% or greater to apply to operate the NSLP under the CEP.
- b. They have been doing outreach this year to parents on why they should complete FRL applications or HIFs even though meals currently are and will continue to be free to students under the new law.
- c. Their law takes effect in 22-23 school year, so there is no lag in free meals after the USDA waivers expire this year.

#### **Funding source for state share of meals**

According to their state director of child nutrition programs, the law requires them to make every attempt to identify students eligible for the federal meal subsidy. The difference between the federal reimbursement and meal cost will be paid via a state general fund appropriation.

### **How poverty will be calculated for educational programs and purposes**

Moving forward, ME's goal is to use no applications or other means to identify students in the food service departments of schools and LEAs.

Currently their DOE has developed a HIF that districts use for CEP and special provision schools and the 3 high schools not in the NSLP program. The state director of child nutrition programs also has drafted a simple waiver request to USDA to allow them to collect no FRL applications in the future and instead to use the CEP method for calculating student poverty in all schools (i.e., ISP x a multiplier) for child nutrition purposes.

### **Legislative Recommendations to Facilitate Effective Universal Meals Implementation in Vermont**

The following Task Force recommendations derive from analysis generated by the AOE internal working group's investigation of alternative poverty metrics; information provided by Maine and California regarding how they will be addressing implementation of universal meals in their states, including how they intend to replace FRL data for educational purposes; AOE discussions with national partners including the Council of Chief State School Officers; and feedback from interested stakeholders.

1. Provide funding and legislative authority for all efforts to increase direct certification, including the AOE/DVHA work on the Medicaid Demonstration Project, AHS/AOE data sharing agreements and infrastructure, and AOE efforts to streamline data sharing about directly certified students between the state and local level. Specifically:
  - Fund 3 permanent positions at the AOE to implement data standards and infrastructure that would connect local level data systems to AOE level systems through modern toolsets and federally defined data standards and manage data sharing between AOE and AHS.

Regardless of whether the legislature chooses to require schools to offer universal meals, increasing the number of directly certified students will allow schools to draw down more federal funding, increasing the likelihood that they will voluntarily participate.

2. Support the transition to state-wide use and management of a Household Income Form (HIF) combined with direct certification for identifying **student-level** socioeconomic data to reduce the impact of losing FRL data necessary for educational programs and purposes in schools operating CEP or Provision 2 programs. Specifically:
  - Consider requiring households to complete the HIF. USDA regulations prohibit the state or LEAs from requiring households to complete FRL applications, but the

legislature could consider making completion and/or collection of the HIF a state requirement for families and/or school officials. If the legislature takes this step, it also should determine what the consequences might be for failure to do so and/or what incentives it might authorize for families and/or schools to promote completion and collection of such forms.

- Consider creating a mechanism to verify the accuracy of 3% of HIFs annually. The HIF is not currently subject to verification, and this could increase the accuracy of this metric.
- Fund 3 positions at the AOE to manage the creation, distribution, promotion, and verification of HIFs. There is currently no identified position at the AOE to manage HIFs. These positions would provide the type of support that is currently provided by the AOE's child nutrition programs team for FRL applications and could conduct verification of the HIF at the state level, reducing the administrative burden on schools. These positions would also prepare materials for a statewide public outreach campaign to explain the important uses of the data gathered via such forms to schools and families and to develop template materials to LEAs for their use in this outreach campaign.

These positions would also manage the state-wide electronic HIF (below) and HIF translations.

- Fund the development of a state-wide electronic HIF that can be completed online by households. Many schools currently contract with vendors to provide electronic FRL forms. Use of these forms increases return rates significantly. A similar electronic form is not available for the HIF. It would be most efficient to have the state contract with one vendor for this service instead of many contracts for this at the local level.
- Fund the translation of the paper and electronic HIF and outreach materials into multiple languages annually.
- Revise all references to free and reduced lunch percentages in state statute to instead allow for the use of the HIF combined with direct certification information. Use this metric in all legislation moving forward.
- Note that while funding for efforts related to the FRL application is an allowable use of USDA funds at AOE and at the local level, funding for any efforts related to the HIF is not an allowable use of USDA Funds, so all efforts related to the HIF will require additional state or local funds unless other federal education funds can be identified.

3. Permit the AOE flexibility in how it will determine an appropriate metric for **school-level** educational program eligibilities and accountability purposes. The AOE may determine that ISPs with FRL applications/HIFs also may be the appropriate metric for this purpose, as the Task Force recommends that they are for **student-level** purposes, but other metrics may prove more appropriate in coming years for **school-level** purposes such as ISP with a

**Commented [KM(8)]:** Rosie needs to get an estimate from Maine based on their state-wide FRL application

**Commented [KM(9)]:** Can we get an estimate on this based on current translation contracts?

**Commented [BA10R9]:** Just messaged Cassie to see if we can.

multiplier, depending on the outcome of the Build Back Better (BBB) legislation and other such federal actions moving forward.

4. Align any changes made to the poverty metric used in pupil weighting with the recommendations in this report. If the legislature follows the recommendation of the Task Force on the Implementation of the Pupil Weighting Factors to adopt FRL as a metric of student poverty, it should be on an interim basis only (as recommended by that task force), and should allow for the transition to a Household Income Form in the near future.
5. If the legislature decides to move forward with a requirement that all public schools offer universal meals, it should identify a state-wide funding source to pay schools a per-meal reimbursement for each paid meal served, equal to the difference between the federal “free” and “paid” reimbursement rate. Language should allow for this rate to be adjusted annually. The source should either be state general funds or an appropriation from the education fund at the state-level. The legislature should not require universal meals without identifying a funding source and should not require schools to fund these costs out of local school budgets.
6. Any legislative language requiring universal meals implementation should be kept as flexible as possible in terms of identifying the specific federal option that schools or the AOE utilize to offer them (such as CEP or Provision 2), as the programs may change rapidly at the federal level. If Congress passes provisions of the BBB legislation allowing state-wide participation in CEP as one grouping with no minimum threshold, the legislature should consider directing AOE to enroll in this option to give AOE authority to pursue this. However, a specific recommendation here remains fluid as the legislation progresses, and, if passed, USDA proceeds with rulemaking on implementation. This action would need to be combined with identifying a state-wide funding source for meals not covered by federal reimbursement.
7. Prior legislative proposals for universal meals have suggested a phase in period during which the state would fund all meals, but schools would have the option to participate or not. The purpose of such a phase in period would be to spread out the resulting tax increase over a number of years and reduce the implementation burden on the AOE of onboarding all schools into universal meals in one year. Under current circumstances, the taskforce does not think a phase in period would accomplish these goals. Because of the COVID-19 waivers allowing for state-wide universal meals until June 2022, it seems highly unlikely that any schools would return to charging for meals in School Year 22-23 if there was an option to use a state funding source to offer universal meals. Because a phase-in period is not feasible under these circumstances, the legislature is urged to recognize that a significant first-year implementation burden on the AOE would be unavoidable. To alleviate this, it is important that the necessary positions and resources be provided and fully funded as quickly as possible.

8. Consider eliminating the exemption process for the requirement that public schools participate in the federal school meals programs found at 16 V.S.A. § 1265, or making the exemption process more rigorous. The fact that some schools choose to opt out of the federal meals program creates an inequity for public school students who attend these schools and do not have any access to the federal meals program.
9. Consider whether independent schools should have the opportunity to participate in state-funded universal meals or should be required to offer meals at no charge to publicly-funded students. So far, discussions around universal meals have focused solely on public schools. However, independent schools are allowed to participate in the federal school meals programs, and approximately 20 currently do. These include most of the historic academies as well as several religious schools, and several schools serving special needs students. The state currently pays for the reduced-price student meals at these schools, in addition to public schools. The legislature should consider whether to incorporate funding universal meals to these schools. If not, the legislature should consider whether independent schools should be required to provide meals at no charge to students whose tuition is paid with public funds. This is of particular concern for special education students who are attending these schools to receive services not available at their public schools as they may miss out on free school meals that their peers receive. This is a complicated equity issue that the legislature should consider addressing proactively.
10. If the legislature decides not to require and fully fund universal meals for public schools, they could consider a variety of lesser measures that could increase the number of schools voluntarily opting to participate in universal meals. Such measures could include:
  - Supporting the efforts to increase direct certification in item 1 (above) in order make more students automatically eligible for free school meals, draw down more federal funds for these meals, and make more schools eligible for CEP.
  - Providing state funding and a state requirement for universal breakfast only. In Spring 2020, the Joint Fiscal Office estimated that funding universal breakfast only would cost the state \$8-\$13 million per year. Universal breakfast would achieve some of the benefits of universal meals, such as reducing tardiness and improving student behavior. Under universal breakfast-only, schools still collect school meal applications for lunch, which eliminates the need to shift to state-wide use of a HIF instead of a FRL application as a metric of student poverty.
  - Increasing state funding for school meals programs by a lesser amount. This can be done at no additional administrative cost by increasing the general fund annual appropriation to AOE for the “state match” funds. These funds are divided annually among all school meals programs based on the number of meals served from July-December each year. The federal government sets a minimum required amount for state match, but the legislature may increase this amount as a way of providing more state support for meals

programs. Increased funding for meals programs would likely allow some programs to decide to participate in Provision 2. Other programs would spend the increased funding on local foods, equipment and ingredients to improve meal quality, increasing low staff salaries and benefits, or other improvements to the meals programs. The Task Force notes that if the legislature decides to go this route, it will not resolve the current state-wide inequities caused by some schools providing universal meals and others not, while some local level costs to participate in universal meals are passed to taxpayers state-wide through the Education Fund.

- The Task Force does not recommend creation of a special grant program for this purpose, as grant programs require significant additional labor for state agencies to manage and for local schools to apply for. AOE is already seeing grant fatigue among schools who do not have capacity to apply for or manage the many grant programs created with COVID-19 funding. Competitive grant programs funded annually do not allow schools to plan ahead for the funds, and the transition to universal meals should be done as a multi-year decision.

### Outreach to Vermont's Congressional Delegation

The Task Force met with staff from Vermont's Congressional delegation on xxxxx to voice support for several actions which will be critical to successful implementation of Vermont's Universal Meals law.

The task force strongly encouraged the delegation to continue to advocate for the proposed language in the Build Back Better (BBB) bill that would make it easier for more schools to qualify to participate in CEP and would increase federal reimbursement for school meals. These changes are:

1. Reduction of the threshold for CEP eligibility from 40% or greater ISP % to 25% or lower.
2. Increase in the multiplier for federal meals reimbursement from 1.6 to 2.5.
3. Permission to SEAs to engage in statewide CEP.
4. The task force also advocated for permanent extension of each of these changes to CEP beyond FY26 as specified in BBB.

The task force also advocated for USDA increases in the federal per meal reimbursement rates so that schools can access better quality foods, including local foods. Finally, as more and more of states consider moving to universal meals as a basic component of public education, the task force encouraged the delegation to reach out to the Secretary of Education to advocate for ED's collaboration with USDA regarding identification of an appropriate metric for poverty (in lieu of FRL applications and HIF forms) that could be used by all states, in order to promote consistency across states and districts in accountability comparisons, Title I school-level eligibility determinations, and the myriad of other uses outlined above.

**Commented [KM(11)]:** Question for Task Force: Any feedback from history of including Universal Meals as a goal in AAFM's farm to school grant program? Should we suggest this as an existing grant program to increase funding for if they must do a grant program?

**Commented [BA12]:** date

**Commented [BA13]:** ditto comment above re: updating based on what gets passed in infrastructure bill

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<sup>i</sup> USDA updates the reimbursement rates annually to account for changes in food costs. Historically, the reimbursement rates have increased each year. In this report, we are using the reimbursement rates in the NSLP and SBP for the 21-22 school year, however calculations of the cost of universal meals were conducted using reimbursement rates from 20-21 school year.

<sup>ii</sup> 511,832 lunches and 446,101 breakfasts were served at the “paid” reimbursement rate in SY18-19 by schools offering universal meals.

<sup>iii</sup> Assumptions:

Approximately 18,000 out of 75,000 students were directly certified in 2018 – (can get updated #s with new site enrollment report)

$18,000/75,000 = \text{ISP of } 24\%$

$\text{ISP of } 24\% \times 2.5 = 60\% \text{ Free, } 40\% \text{ Paid}$

$40\% \text{ paid} \times 75,000 = 30,000 \text{ Paid Students}$

$30,000 \text{ paid students} \times .95\% \text{ attendance factor} = 28,500$

$28,500 \text{ students} \times \$4.75 \text{ (paid student contribution for breakfast \& lunch)} = \$135,375/\text{day}$

$135,375 \times 175 \text{ school days} = \$23,690,625/\text{year}$

$30,000 \text{ paid students} \times .75\% \text{ participation} = 22,500$

$22,500 \text{ students} \times \$4.75 \text{ (paid student contribution for breakfast \& lunch)} = \$106,875/\text{day} = \$18,703,125/\text{year}$

In both cases, subtract \$350,000 current state contribution for reduced price meals which would no longer be required because there is no reduced-price category in CEP.

High end estimate = \$23.3 million, Low end estimate = \$18.4 million