

# **Saved by the Lunch Bell: As Economy Sinks, School Nutrition Program Participation Rises**

**An analysis of school nutrition program participation during  
the 2008/09 school year.**

**December 2008**

Conducted by:

**School Nutrition Association**



**SCHOOL  
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### Background:

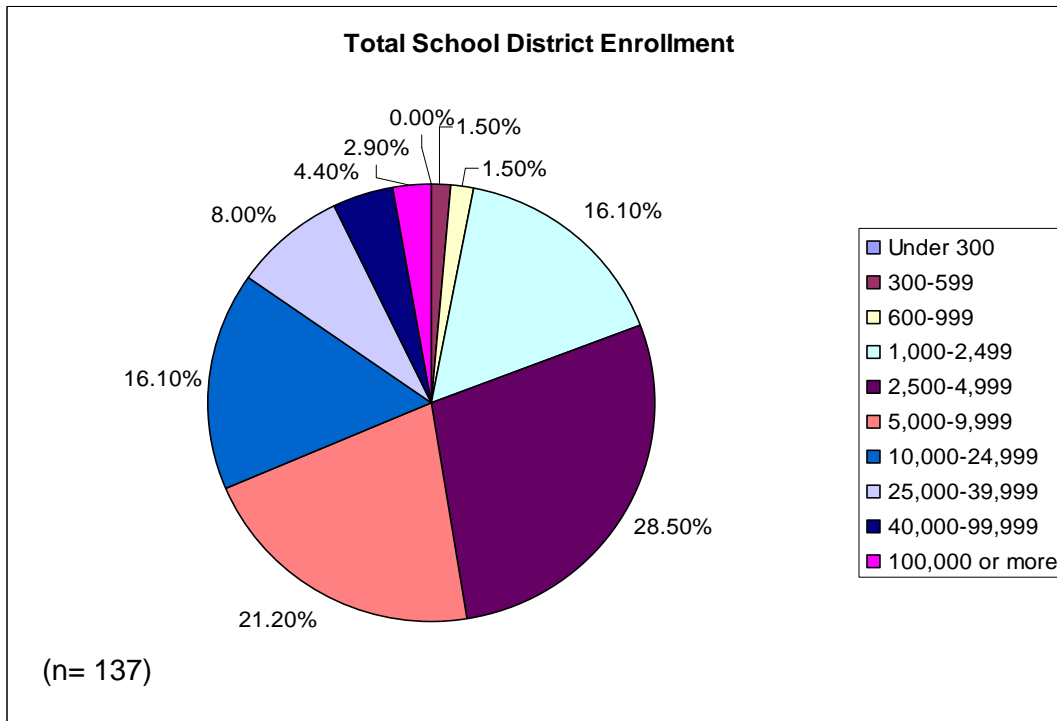
According to the National Bureau of Economic Research, the United States economy has been in a recession since December 2007. Throughout the year, unemployment has steadily risen, reaching 6.7% in November 2008. Food and energy prices have also increased dramatically throughout much of 2008. These factors combined are forcing families to face significant economic difficulties. As a result, reliance on both the National School Lunch Program and the School Breakfast Program is increasing.

*Saved by the Lunch Bell: As Economy Sinks, School Nutrition Program Participation Rises*, is a follow up to *Heats On: School Meals Under Financial Pressure*, a report released by SNA in September 2008. *Heats On* focused on the effect of rising food, labor, and energy costs on the school nutrition programs. *Saved by the Lunch Bell* looks at student participation in the free and reduced price categories of the National School Lunch Program and the School Breakfast Program.

SNA analyzed information from 137 school districts across the United States that participate in the federal school nutrition programs to determine if participation in these programs is increasing or decreasing as a result of the faltering economy. The following report summarizes the information collected from these programs.

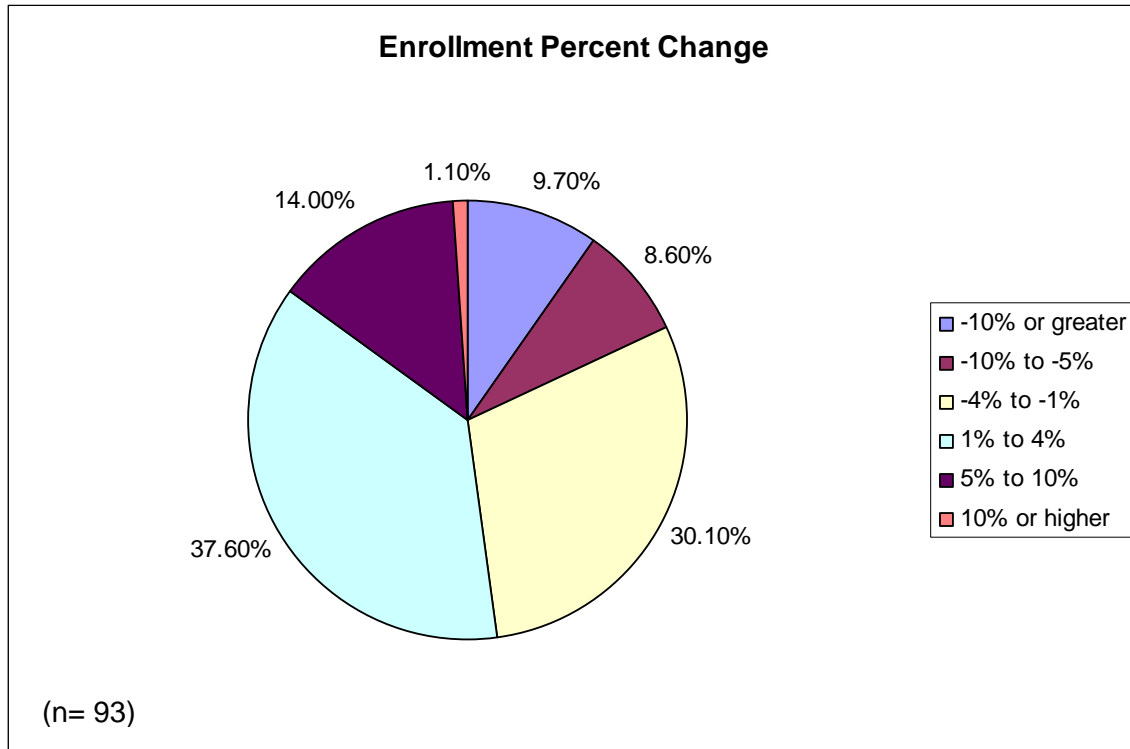
### School Nutrition Program Demographics:

- 137 school nutrition programs that operate in school districts of varying sizes provided information related to program participation. Not all programs provided information on every aspect analyzed. Therefore, the number of responses varies depending on the information being presented.
- School Nutrition Programs represented 38 states and all 7 SNA Regions.



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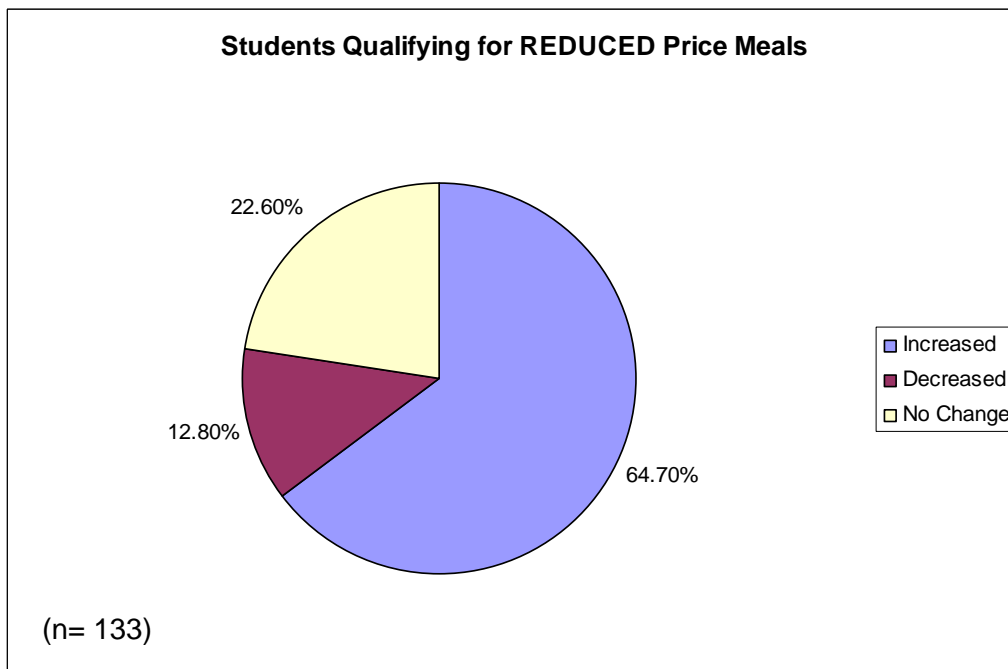
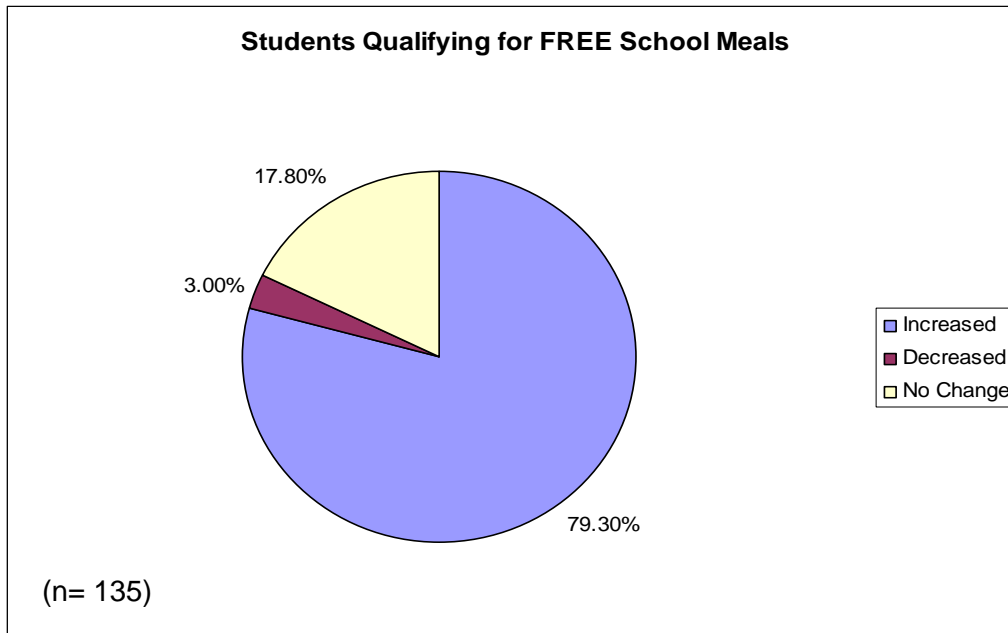
- Of the school districts responding, 70% indicated that they experienced either a decrease or increase in total student enrollment in their district. This is consistent with general demographic data showing a slight decline in the number of students enrolled in public schools in the 2008-2009 school year.



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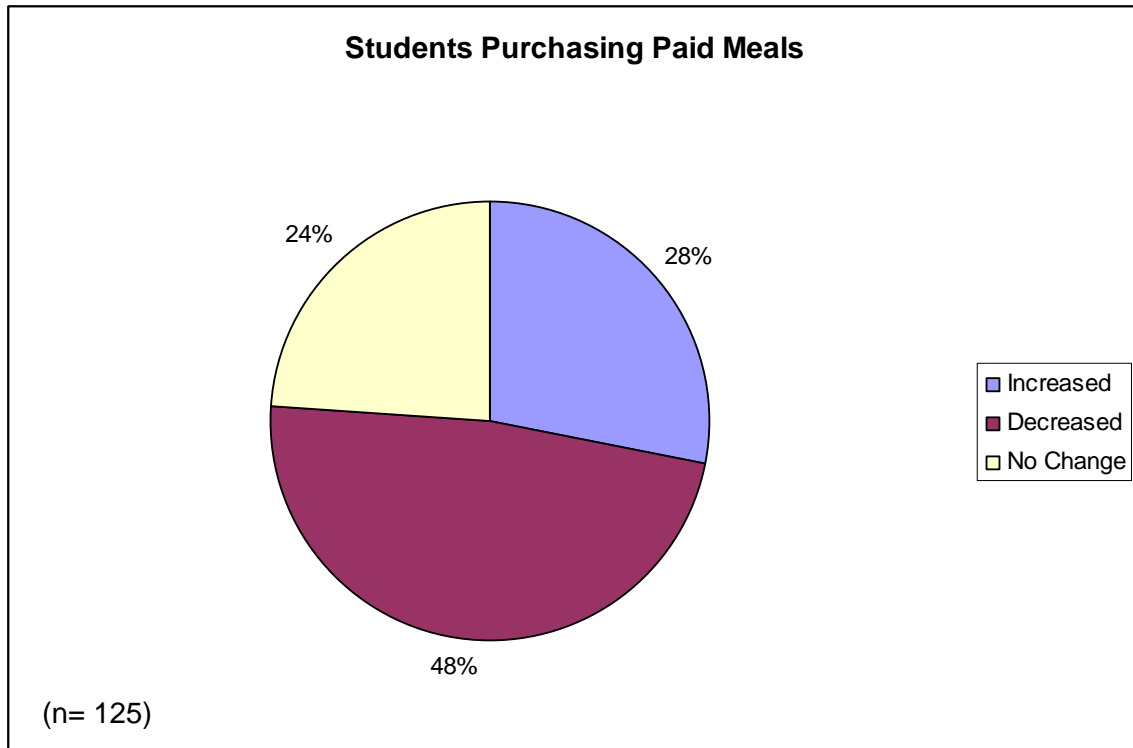
### Student Participation in Free and Reduced Price Meals

A strong majority of school districts have seen an increase in the percent of students qualifying for free and reduced price school meals during the 2008-2009 school year compared to the 2007-2008 school year. The average increase in free and reduced participation from last school year compared to the current school, reported by survey respondents, was 2.5%. When applied to the total number of free and reduced meals served last year the increase represents an additional 425,000 meals served.



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In contrast, many school districts have witnessed a decrease in the number of students purchasing paid school meals during the 2008-2009 school year, when compared to the 2007-2008 school year. This could be due to the increase in students participating in the free and reduced price meal programs.



Overall, participation in both the National School Lunch Program and the School Breakfast Program has increased in a majority of districts for the 2008-2009 school year.

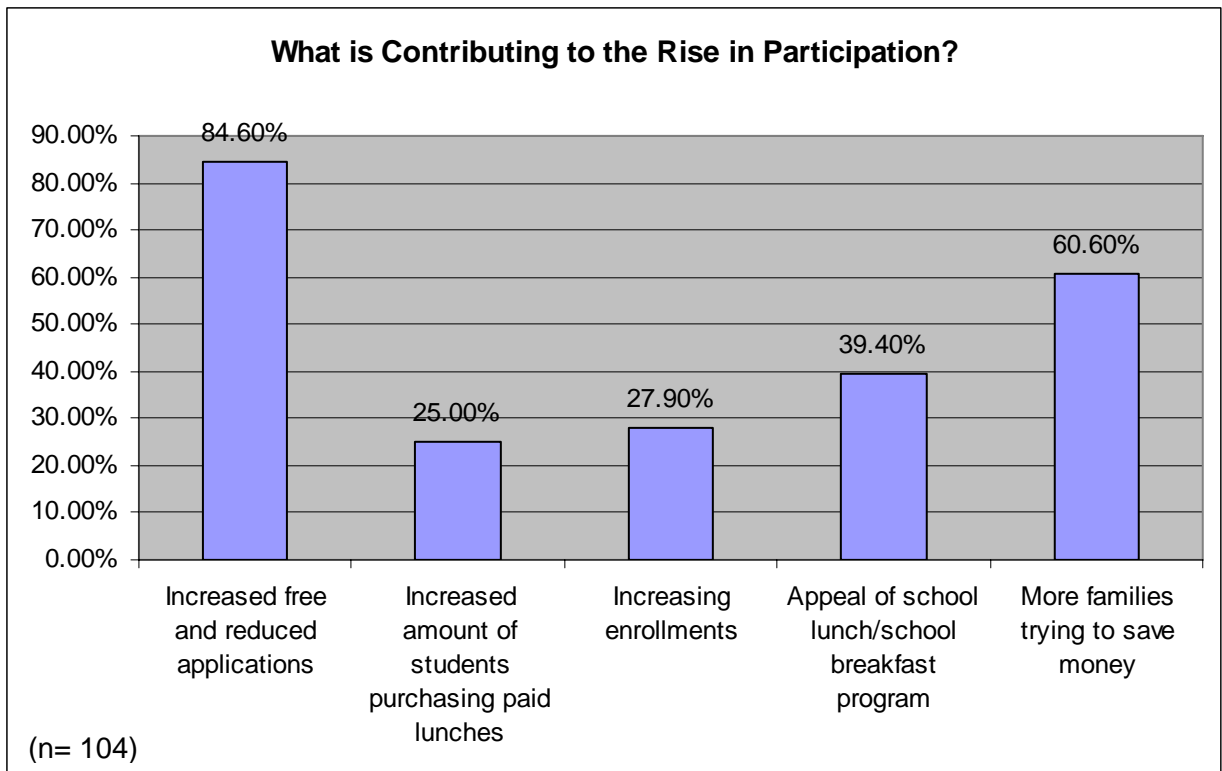
	<b>Increased</b>	<b>Decreased</b>	<b>No Change</b>
<b>Lunch</b> (n=136)	59.6%	25.7%	14.7%
<b>Breakfast</b> (n=120)	69.2%	12.5%	18.3%

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### What's Contributing to the Rise in Participation?

School nutrition professionals point to several different factors as causes for the rise in program participation. The most frequently cited include:

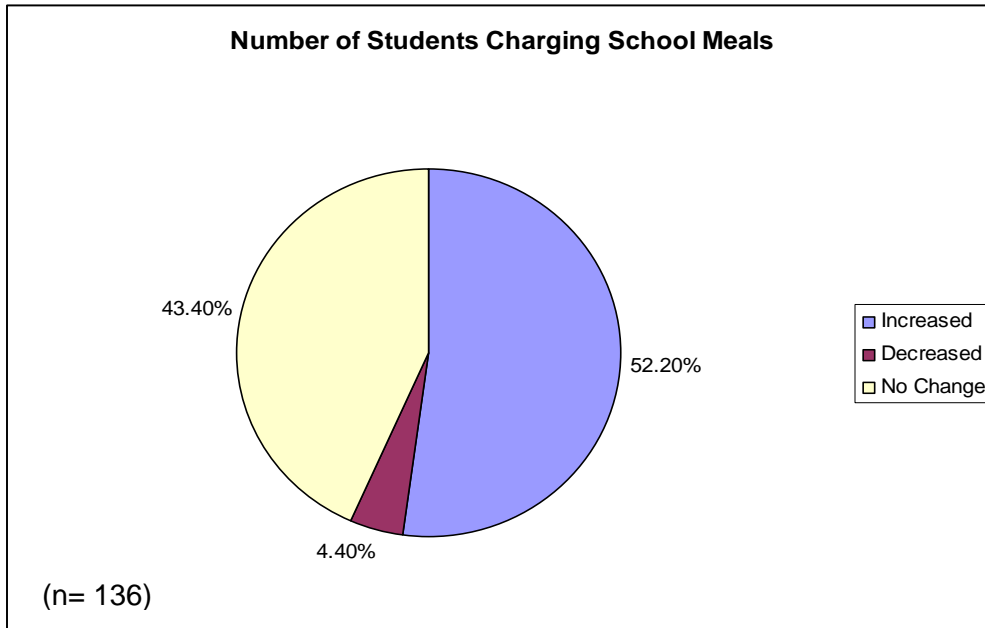
- Increased number of students qualifying for free and reduced meals
- Increased amount of students purchasing paid lunches in some districts
- Increasing enrollments in particular parts of the country
- Appeal of school lunch and school breakfast programs
- More families trying to save money



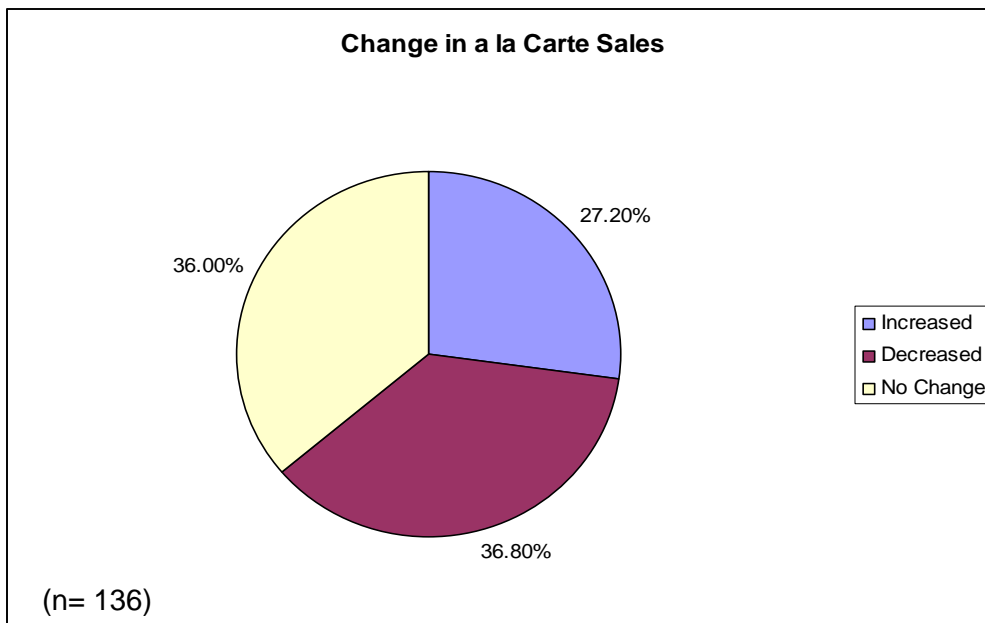
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### Other Economic Affects on the School Nutrition Programs

The slumping economy is having additional affects on school nutrition programs around the country. School districts saw a slight increase in the number of students that owe money to the school nutrition programs as a result of unpaid or overdue accounts. According to school nutrition directors, the students that are most likely to charge meals are from families that are unable to pay \$0.40 for reduced price meals.



School nutrition programs are also experiencing decreases in the purchases of a la carte sales. As more families monitor their expenses, fewer children are making extra purchases outside of the reimbursable school meal programs.



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### **Policy Recommendations and Next Steps**

The school nutrition programs are more important than ever, as more students participate in the free and reduced price categories. Nationwide, school nutrition programs serve as safety nets for families that are facing financial difficulties as the economy falters. Many families are also discovering school meals are a great value. For a national average price of \$2.08, their children can purchase healthy, high quality lunches at a lower cost than bringing food from home. As a result, participation in the programs continues to grow, allowing children to consume healthy, nutritionally balanced meals every day.

Even with increased participation in the federal school nutrition programs, many still struggle to operate in the black. The current federal reimbursement rate is not enough to keep up with the cost of food, energy, and labor. Although energy costs have dropped since the summer, most school nutrition programs are locked into contracts that were set when prices were high. In *Heats On: School Meals Under Financial Pressure*, SNA found that the estimated average cost to prepare a school meal for the 2008-2009 school year is \$2.90. The current federal reimbursement for school meals is \$2.57, \$0.33 less than the average cost to prepare a meal. Additional support must be given to the school nutrition programs so they may continue to provide students balanced, nutritious meals everyday.

The School Nutrition Association recommends the following legislative actions to ensure continued access to healthful school meals for all children:

- Any economic stimulus package or 2009 Child Nutrition Reauthorization legislation should include additional funding for meal reimbursements through the federal child nutrition programs including NSLP and SBP.
- Congress should act to eliminate the reduced price co-pay of 40 cents and provide free school meals to children that previously qualified for those meals.
- The National School Lunch Act annual updates of reimbursement rates. Given how fast food prices are escalating, by the time the new rates are implemented they are out of date. SNA believes that the statute should be amended to require adjustments twice a year, or every six months.
- The current index formula that sets federal meal reimbursement rates is based on “food away from home.” The question in our mind is whether that is the correct index, or whether there is a more appropriate index. More analysis into this question is necessary.



## Saved by the Lunch Bell: As Economy Sinks, School Nutrition Program Participation Rises

### Appendix A:

#### School Nutrition Directors' Thoughts on the Effect of the Economic Downturn on School Meals

Despite free/reduced percentage increasing, reimbursement rates not enough to cover costs to operate foodservice program.

We are a fairly affluent community and therefore have not seen as much impact - that being said, we have more families with denied applications (we are up 30% from last year - from 9 applications to 12).

We did not pass on the food cost increases. There are things that we are not doing this year that we had planned to do with our excess funds. We had to focus on a la carte meals to keep our fund balance positive.

We have to be more aggressive on collecting monies for meal charges

As an industry, we have artificially held meal/retail prices too low, keeping our margins so thin as to not have any ability to navigate economic changes. We are now facing the consequences of holding price points so far below the rest of the economy, while paying much higher than food industry standard wages/benefits, that we cannot take adequate price increases in the short term, without experiencing substantial customer/sales erosion. We must learn from this so as not to repeat history and so we can avoid the political pitfalls that eventually come with this kind of mentality. From the entitlement perspective, neither the commodity or reimbursement rates have kept pace with the real world. Our equation is broken.

We have experienced an increase in the amount of credit card transactions to pay for the meals and/or ala carte. We have also seen an increase in the amount of credit card transactions declined because the cards are maxed out.

Many families are just on the edge of qualifying for reduced meals. These families are under a lot of stress and could use some support from the federal government

We have seen more issues of families with trouble regarding checks they write to the school lunch program.

We have \$6,600 in unpaid lunch loans and many people can not afford to pay them. I also have more homeless kids than ever before. My lunch counts have dropped because families can not afford to buy lunch. The state has taken away

some of our reimbursement and we are fighting to stay afloat.

We have had an increase in students not bringing a lunch from home or getting one at school. Parents can't afford to send lunch and many are just over the income guidelines so they do not qualify. We have also had a big increase in theft at our secondary schools, I believe it is due to the economy and students are hungry!

We raised prices for full paid meals and now charge for breakfast (it was free for all students last year). With a decrease in the number of full paid students participating there is also a drop in free and reduced participating.

A lot of people are unemployed in this area - we are seeing more people applying for free and reduce just trying to make ends meet.

The reimbursable rate does not cover the expense and since we are feeding more, we are getting further behind.

We see at least one new free/reduced application weekly - I expect that to increase as the winter progresses. My school district is a rather affluent one, so this is an unusual occurrence

Labor and food costs continue to rise but the revenue is not keeping up with the cost. The board, legislators and parents have no idea that we must pay all of our bills without help from the school system.

It is good for participation--but reimbursement rates are not covering the cost of the meals, so we lose money on every meal served--not a good thing!

Reimbursements have not kept up with increase factors affecting the cost of preparing healthy meals. We have increased our meal cost thinking we left a slight cushion so that we would not have to increase again for a few years, only to be forced to have back to back increases. If reimbursements do not keep pace, our mission to feed healthy meals so that children can learn will be diluted due to the higher cost of serving more grains that are less refined, fresh fruits and vegetables, and leaner meats.

We expect the number of applications for free/reduced price meals to increase as the effects of the economic downturn increase in our

## **Saved by the Lunch Bell: As Economy Sinks, School Nutrition Program Participation Rises**

region. One positive effect of the situation is that we have a larger pool of applicants to fill our part-time positions in our program.

An increase of first time families using the free/reduced applications.

In the past, we have used ala carte sales to cover overhead costs. As ala carte sales decline due to the economic climate in our city, we are going to have to find other ways of cutting corners to meet our budgetary needs. The State of Florida is facing some severe financial problems over the next few years - schools will be especially hard hit and government jobs are being cut daily. We are located in the state capitol and a great number of our citizens are either government workers or work for entities that support government. We have seen many of our parents lose jobs completely or have their work time cut by 20% - salary as well. There are two significant adverse reactions showing up. One families now have to make difficult financial decisions and some do not have the knowledge or ability or will to do so. And, the stress of these financial downturns have increased the number of divorces, family violence, etc., resulting in more one-parent homes which we know create "low-income" families in many situations. As this continues, we will have to stay proactive in meeting students' nutritional needs and finding alternative or creative ways to balance the budget. There are no "bailout" monies available from school boards in Florida who are struggling to pay teachers and other necessary support staff.

School meals are more important now than ever before-however just as they are needed the most we had to raise lunches prices by a quarter-we are still recovering from the loss of paid participation

More students are purchasing one small item in ala carte rather than a full paid lunch.

Everything is so expensive for parents, and the eligibility guidelines have increased. This doesn't allow some families to receive reduced, when they really need it.

In our part of the country, Marin County, CA the eligibility scale does not correctly reflect the cost of living in our County. We have many families who do not qualify for F/R meals, yet are considered the "working poor" because they make less than the average cost of living wages for this area. Consequently, we have a large percentage of students who do not eat school meals because they cannot afford to purchase a school meal. The long term answer for both the economic and health our society in our country is

simple, UNIVERSAL FREE MEALS combined with nutrition and physical education mandates in the classroom.

Raising lunch prices and the economy have limited paying families to be more selective on the amount of times their children buy lunch. Some students have been stopped from purchasing lunch due to the amount of debt they owe on their lunch account. Has the colder weather approaches, lunch counts are picking up due to the fact parents and students prefer HOT lunches. I have limited my ala carte offerings at the middle school and high, hoping to encourage students to purchase the reimbursable meal. I have added another HOT lunch entree at the high school to keep participation up.

We need more funding to be able to survive with soaring food prices.

Families are hurting, our government needs to step forward more. This hurt effects the overall of the student in school.

I am loosing money every day on my meals (.86 cents for lunch and .05 cents for breakfast). I do not know how I will make up that difference.

Our most challenging issue is students who are reduced unable to pay for the meal. This group of students need to be eliminated as it appears they are struggling the most. The Second is continuation of the offering of fresh fruits and vegetables, whole grains and 10oz milks. It is almost impossible to offer these as the prices continue to soar out of control including health care and other operational expenses. ANY RELIEF or Support would be greatly appreciated.

I have more families this year struggling to pay the reduced price meal cost. Most of the meal charging that I see if from the reduced category.

Families not qualifying for the Free or Reduced Priced Meals Program are using non-payment methods to feed their children; knowing that no child will be turned away without being fed. Families are over extended financially with income covering food, shelter and transportation with no money left over to feed their children meals at school and no incentive to pack a lunch at home.

We are seeing increased foot traffic in our central FNS office for requests for applications. We are also feeding 80-85% of our reduced students-we do ERP.

Increased restrictions on a la carte items and the need to serve more whole grain and fresh produce has put a real stain on the program. If

## **Saved by the Lunch Bell: As Economy Sinks, School Nutrition Program Participation Rises**

they demand wellness then they need to fund the mandate.

We have noticed students during lunch with no food eating off other student plates

It's getting harder and harder to balance the needs of the students and the financial demands.

Parents on the elementary level are allowing their children to choose just a certain amount of school lunch meals, they feel that they can make it at home cheaper if they do not qualify for free & reduced

More students qualify for benefits, and more students are purchasing small items or single items to get by, instead of purchasing a complete meal. Meals are down and the A la carte sales

increase is not greater then the missing value of the meals. So I am losing revenue

Even though gas prices have gone down----food costs continue to rise making it critical this year to receive additional federal and state funding.

More parents of full pay benefit children are starting to limit the amount of ala carte their child may purchase, or are restricting their children to just the reimbursable meal. More families are experiencing layoffs this year and are being approved for free and reduced meals.

Children have less money to purchase a la carte items. Fewer children are purchasing meals. Although free and reduced numbers have increased, paid meals have decreased with more parents sending in a lunch.

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### **Appendix B:**

#### **The Economic and Nutritional Value of School Lunch**

- On average, it costs less to buy a school lunch than to bring a lunch from home.
- The estimated national average of a school lunch from home was \$3.43 last school year<sup>1</sup>, while the average cost of a school lunch for paid students is \$2.08.
- Families with incomes at or below 130 percent of the poverty level are eligible for free meals.
- Families with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals; these students can be charged not more than \$0.40.
- Meals served under in the National School Lunch Program (NSLP) must meet nutrition guidelines based on the Dietary Guidelines for Americans.
- Not more than 30% of calories can come from fat and less than 10% from saturated fat.
- School lunches provide one-third of the Recommended Dietary Allowances of protein, Vitamin A, Vitamin C, iron, calcium and calories over the course of one week of menus.
- Compared to lunches from home, school lunches contain:
  - Three times as many dairy products
  - Twice as much fruit
  - Seven times the vegetable amounts
- Students who eat school lunches consume less calories from fat than students who bring lunch from home.

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<sup>1</sup> According to a meal cost analysis by Alice Jo Rainville, PhD, RD, CHE, SNS of Eastern Michigan University, Ypsilanti, MI

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### **Appendix C:**

#### **Anecdotes and Media Reports**

- “In another sign of a troubled economy, applications for the free and reduced-price lunches in **Escambia** and **Santa Rosa (Florida)** counties are up. Santa Rosa applications are up about 26 percent; Escambia applications are up about 8 percent. School officials in both counties say the percentages will grow because applications are submitted yearlong.” (Pensacola News Journal, Sept. 20, 2008)
- In **Louisville, Kentucky**: Of the 98,000 students enrolled in Jefferson County Public Schools, 62,275 are approved for free and reduced meals, up about 4,000 from last year's 58,122 students. (WAVE-TV, Oct. 10, 2008)
- “Reflecting the rough economy, every one of **Jackson County's (Michigan)** 12 public school districts reported an increased percentage of students who applied and were determined eligible for free or reduced-price meals during the 2007-08 school year. The total went from 39 percent in fall 2007 to 43 percent in the spring.” (Jackson Citizen Patriot, Mich. Oct. 22, 2008)
- “More North **Texas** families are turning to free and reduced school lunch programs to be sure their children don't go hungry. The **Dallas** Independent School District has the largest number of students who qualify for the federally-subsidized lunch program. A whopping 80 percent. In Mansfield they've received 5,000 applications this year, compared to 3,600 last year. That's an increase of 33 percent. In **Arlington**, demand is up 1.5 percent, in **Eules/Bedford** up 3 percent and in **Grapevine/Colleyville** up 15 percent.” (WFAA-TV, Oct. 22, 2008)
- More and more parents with students at **Hawaii's** public schools are taking advantage of free or reduced lunches and breakfasts. It's another sign of what people are doing to tough it out in our current economy. There are a lot of new applicants as well as strong renewals. Public school lunch may not seem a lot to some parents. Right now, it's \$1.25, but there are others who feel saving that much could help their wallets in a big way. 90 percent of Palolo Elementary School students get free or reduced meals. It's one of the highest rates in the state.
- Preliminary evidence shows that in **Vermont** and around the country more children are taking advantage of free and reduced-price school lunches and breakfasts. One measure is the number of Vermont schools in which 50 percent or more of the children qualify for free or subsidized lunches. Although not every district has reported yet, that number is climbing, said Helen Ballard, child nutrition consultant with the state Department of Education. (Rutland Herald, Vermont, Nov. 18, 2008.)
- More than half of the 31,000 students who attend **Newport News, Virginia** public schools get a little federal help paying for lunch and breakfast, and the number is growing. NN is serving about the same number of lunches as last year, about 21,500 daily, but the number of students who qualify for free lunches is up, while the number of students who pay full price has dropped. (Daily Press, Newport News, Virginia 11/17/08)

## **Saved by the Lunch Bell: As Economy Sinks, School Nutrition Program Participation Rises**

- Almost 52 percent of students in the **Rowan-Salisbury School System (North Carolina)** were receiving free or discounted lunch in mid-October, said Libby Post, director of child nutrition for the schools. That compares to 49.5 percent of Rowan-Salisbury students who got free or discounted lunch in October 2007. In the Rowan-Salisbury system, Koontz Elementary had the highest percentage of students receiving free or discounted lunch by mid-October — nearly 87 percent. Knox had the highest percentage among middle schools with about 73 percent, and Henderson Independent School had the highest rate — about 69 percent — of the system's high schools. (Salisbury Post, NC 11/3)
- **Lincoln Public Schools (Nebraska)** says there has been an increase in families applying for free or reduced meals for their kids at school and the trend is expected to keep climbing. Edith Zumwalt says from last year to this school year the program has seen around a 6 percent increase and says the economy and higher enrollment are the cause. (KLKN Lincoln, NE 11/6/08)
- In **Bristol, Connecticut** the poverty rate has been creeping up over the past several years. More students qualified for lunch subsidies last year than the year before, and this fall that number has already risen 2.5 percent. Boulanger is bracing for even more applications to come during the winter. To qualify for a reduced price lunch in most states, the federal income limit is \$39,220 a year for a family of four. If a family of the same size makes \$27,560 or less, it's free. A third of all lunches served in Bristol are free, and the school district loses 21 cents on each one. (WNPR, Hartford CT 11/9/08)
- **Galloway Township School District in New Jersey**: "Up until the last couple of years, we had 24 or 25 percent of the students in the program," Galloway food service director Terry Zane said. "Last year we got up to 30 to 32 percent, and this year we are already at 35 to 36 percent." (Press of Atlantic City, NJ 11/10/08)
- Last year in the **Provo School District (Utah)**, 40.5 percent of meals were served for free or a reduced cost. This year, it is up to 43.8 percent. In the **Alpine School District**, free and reduced-price lunches served increased from 19.85 percent last year to just over 21 percent this year. **Nebo School District** supervisor of food services Bill Vest reported an increase of a little more than 1 percent to about 30 percent. Utah County's relatively low unemployment rate has helped soften the economic blow and kept many students from qualifying for free lunches, said Jim Robson, a labor market economist for the Utah Department of Workforce Services. (KUTV 2, Utah, Nov. 23, 2008)
- The nutrition supervisor for the **Council Bluffs Community School District (Iowa)** said the number of students who qualify for the program went up 4 percent between early September and late October, or about 370 students. Virginia Bechtold, district supervisor of nutrition services, said about 57 percent of district students were on the free or reduced lunches, and said that number is 60 percent in elementary school. (Daily Globe, IA, Nov. 24, 2008)