



**For Immediate Release**

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## **New School Meals Rules Will Bring in Billions for Healthier Meals**

**June 23, 2011.** It's not new taxes. It's not deficit spending. It's better and more just accounting and pricing rules that will result in an unprecedented increase of *\$5.5 billion* in funds available for school meal programs across the country from 2012-2015. That's the equivalent of 26¢ more per school lunch. Add to that to the congressionally approved 6¢ increase already in the pipeline, and the increase rises to a stunning 32¢.

According to the USDA, two new rules issued this month will not only increase the funding available for school meals, but will also result in nearly *one million additional students* every school day shifting their lunchtime food choices from less healthy snack bar-style foods (competitive foods) to more healthy school lunches.

"We've been telling anyone who would listen that this was where the big money was to be found in school food. Accounting rules may not sound exciting, but the results of these rules are--you can make a lot of healthy improvements to school meals with an extra 26¢," said Colleen Kavanagh, Executive Director of CBN.

Kavanagh added that the effect at any one school will vary widely based on past and present pricing decisions, competitive food offerings and district budget decisions. Some schools may see only a 6¢ increase and others will see double the average increase or more.

The magnitude of this influx of money into the school lunch program is unprecedented. In 2010, Congress worked for months to find funding to increase reimbursements for school meals so schools could provide healthier food. The result was in an additional 6¢ extra per lunch. But by shoring up these two accounting issues to stop federal funds intended to provide healthy meals for low-

income kids from being siphoned off for other purposes, Congress is effectively increasing that to an average of 32¢.

These accounting changes were required by the *Healthy, Hunger-Free Kids Act* that passed into law last December. The problems the rules seek to fix were brought to the attention of legislators in a report by Campaign for Better Nutrition, *Flunking Lunch: How Segregated Lunch Lines and Misused Subsidies Are Undermining the National School Lunch Program*, and later by a similar report by the Center on Budget and Policy Priorities.

These reports brought to light an important data point in the USDA's *School Lunch and Breakfast Cost Study II* that received little attention outside the Department at the time of publication. The data showed that many districts were unintentionally under pricing their competitive food sales by nearly 30%. They offset those losses with federal funds that were intended to pay for healthy meals for low-income students. The new USDA rule would end this practice.

The second rule works toward ending another cross-subsidization, that of federal payments for low-income student meals being used to offset under pricing of NSLP school lunches for students with higher incomes. That provision is phased-in gradually and, from 2012-2015, estimated to bring in an average \$80 million per year into the program. Though some were concerned that there would be an undue increase in school meal prices to families next year due to this provision, the USDA estimates the maximum increase for any child will be only \$1 per month.

For those of you keeping score, here is the run down of average annual impact of the newly available funds coming into school meals from the Healthy Meals for Healthy Kids Act in 2012-2015 (estimates beyond this timeframe not available):

Direct provision of new funding to provide healthier school meals:	\$320 million/6¢ per lunch
Ending use of NSLP funds to cover competitive food losses:	\$1.29 billion/24¢ per lunch
Ending use of low income student meal subsidies to cover losses for underpriced NSLP meals:	\$80 million/ 2¢ per lunch
<b>Total annual impact</b>	<b>\$1.69 Billion/ 32¢ per lunch</b>

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