

GAO Highlights

Highlights of [GAO-14-557](#), a report to congressional requesters

Why GAO Did This Study

In fiscal year 2013, 30.7 million children participated in the National School Lunch Program and 13.2 million children participated in the School Breakfast Program, partly funded by \$14.6 billion from the USDA. The majority of these children came from low-income families and received school meals free or at a reduced-price. Income eligibility and school reimbursement rates for school meals are federally set and do not consider geographic differences in the cost of living (except for Alaska and Hawaii). GAO was asked to explore the potential to account for such differences through a variety of measures and cost data.

This report, therefore, looks at a variety of methods by which to identify geographic differences in living costs and the potential for using them to adjust (1) income eligibility thresholds, and (2) reimbursement rates for schools. It also examines the extent to which states and localities can make adjustments for geographic differences in costs by using existing program rules. GAO reviewed relevant laws, regulations, and literature; analyzed available data sources and methods; and interviewed knowledgeable experts.

What GAO Recommends

GAO is not making any recommendations.

View [GAO-14-557](#). For more information, contact Kay Brown at (202) 512-7215 or brownke@gao.gov.

July 2014

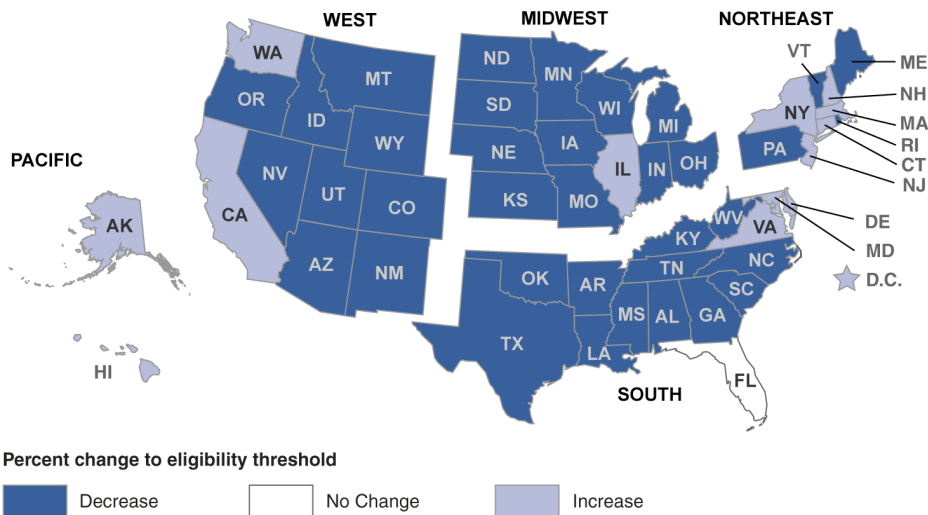
SCHOOL MEAL PROGRAMS

Implications of Adjusting Income Eligibility Thresholds and Reimbursement Rates by Geographic Differences

What GAO Found

There are a number of measures by which income thresholds for the U.S. Department of Agriculture (USDA) school meal programs could be adjusted to account for geographic differences in the cost of living; doing so would likely lead to shifts in eligibility and program costs. For example, the Supplemental Poverty Measure or Regional Price Parities could be used to adjust for geographic price differences; each could result in fewer children qualifying for assistance in the South and Midwest and more children qualifying in the Northeast (see figure below). In general, the effects of any such cost-of-living adjustment are difficult to predict and would vary depending on their implementation, such as whether they were applied state-wide or at the sub-state level, or whether children were kept from losing eligibility. Overall program costs could increase if more children participated.

Example of Potential Effect of a Geographic Cost Adjustment on School Meal Eligibility Thresholds Using 2006-2010 Data



Source: GAO analysis of Regional Price Parities data; Map Resources (map). | GAO-14-557

Although the cost of delivering school meals varies by geographic region, the usefulness of available cost data is unclear for making such adjustments. Neither the Regional Price Parities for food services and goods or the U.S. Bureau of Labor Statistics' wage data account for some drivers of variation in costs, such as economies of scale. In addition, they may not reflect the characteristics of the food and labor components of individual school districts.

The national school lunch and breakfast program rules allow states to expand eligibility for free meals and increase reimbursements to schools using federal or state funds. Some schools have expanded eligibility by providing free meals to all students under federal program rules. At the same time, some states use state funds to provide additional per meal reimbursements to schools for meals served. However, no state has used these flexibilities to adjust for within state geographic differences.