

School Meal Participation Before and After State and Federal Policy Changes in Arizona

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KEY FINDINGS

- In Arizona, the policy to eliminate reduced-price co-pays for school meals was implemented in January 2023. Subsequently, two additional federal policies were implemented to improve access to school meals: Medicaid Direct Certification in August 2023, and Community Eligibility Program (CEP) expansion in January 2024.
- On average, 1.4 million additional free breakfast and lunch meals were served per month when the state and federal policies were implemented. In a similar comparison, the average daily participation rate in school lunches increased by 8%.
- Initially, the average daily participation rate for reduced-price lunches showed a notable increase after the Arizona policy to eliminate the reduced-price co-pay for families was implemented, highlighting the impact of the policy.
- Subsequently, after the implementation of Medicaid Direct Certification and CEP expansion policies, average meals served in the reduced-price category dropped, while the number of meals served in free category continued to grow. The reduction in reduced-price category can be attributed to more students becoming eligible for free meals because of the federal policies, thereby reducing the cost to the state as more meals were covered by federal reimbursement.
- The combination of state and federal policies has increased access to healthy school meals for Arizona students. While additional federal policies (Medicaid Direct Certification and CEP expansion) provide free meals to more Arizona students, state funds are necessary to support students in the reduced-price meal category, specifically those attending schools that do not participate in the CEP program.

INTRODUCTION

In Arizona, the National School Lunch Program (NSLP) and the School Breakfast Program (SBP) provide nutritionally balanced low- or no-cost meals to 550,000 and 250,000 students, respectively, each day.¹ School meals are funded primarily through the United States Department of Agriculture (USDA) using the “three-tiered system”, where families must submit income applications each year and based on those applications students from the lowest income families (below 130% of the federal poverty line (FPL)) receive meals for free, those from families with incomes between 130-185% of the FPL receive meals at a reduced-price, while others pay full price for the meals at subsidized rates (Box 1). Schools get reimbursement for meals based on the number of breakfasts and lunches served in each of the three categories.

Box 1

School Year 2024– 25 USDA Income Eligibility Guidelines for the Three-tiered System for a Family of Four

- **Free meals:** Annual income < \$40,560 (no cost to families)
- **Reduced-price meals:** Annual income \$40,561 - \$57,720 (families pay \$0.40 for lunch and \$0.30 for breakfast)
- **Paid meals:** Annual income > \$57,720 (families pay full price for breakfast and lunch, meal prices are set at the district level, average cost for breakfast and lunch are \$1.75 and \$3.00, respectively)

Since 2014, schools across the nation have had the opportunity to participate in the USDA's Community Eligibility Provision (CEP), another federally funded program, which allows schools serving a high proportion of low-income students to offer no-cost meals to all enrolled students. Schools participating in CEP do not need to collect individual income applications from families or track individual student eligibility in the cafeteria, saving time for both families and school staff.

In March of 2020, at the start of the COVID-19 pandemic, the USDA issued a series of waivers² to make it easier for students to access school meals during school closures. One key waiver created a temporary federal Healthy School Meals for All (HSM4A) program, also referred to as Universal Free Meals (UFM) program, that allowed schools to serve all students meals at no charge without collecting individual income applications. However, at the end of the federal public health emergency in the fall of 2022, the federal HSM4A program ended and schools in most states returned to the three-tiered system or CEP.

Since 2022, drawing on the successful implementation of HSM4A during the pandemic, there have been several policy interventions aimed at improving access to school meals. A handful of states allocated funds to supplement federal school meal funding to keep meals free for all students. While Arizona did not implement a HSM4A program, starting in January 2023, the state expanded access to free school meals to students eligible for reduced-price meals by eliminating their co-pays (\$0.30 for breakfast and \$0.40 for lunch) using federal pandemic relief funds.³ This policy was extended through June 2025 with support from the Arizona state budget.⁴

Starting in the fall of 2023, Arizona capitalized on a federal program known as the USDA Medicaid Direct Certification Demonstration Project,⁵ a pilot program that allows schools to categorically qualify students for free meals if their families participate in the state Medicaid program. Finally, during the 2023–24 school year, the USDA announced changes to CEP⁶ that allowed more schools to participate in the program.ⁱ Since this change in CEP policy was announced during the school year, after the typical application deadlines for schools had passed, schools were allowed to enroll into CEP mid-year.

The objective of this study, conducted by the ASU Food Policy and Environment Research Group, was to examine the impacts of the state policy to cover family co-pays for reduced-price meals and the two federal level policy changes (1) Medicaid Direct Certification and (2) CEP expansion on school meal participation in Arizona.

METHODS

To examine the impact of state and federal policy implementation on school meal participation, data were collected starting in August 2022, when the federal HSM4A program ended, through May 2024. Based on the timeline of policy implementation, the study was divided into four distinct time periods (T1-T4) outlined in Box 2.

Our analysis included all public, private and charter schools in Arizona that operated NSLP (n=1,771). Data on CEP participation status, total meals served (breakfast and lunch) across all categories (free, reduced-price, and paid), students' eligibility for each category, and school operational days were sourced from the Arizona Department of Education.

Box 2

Study Time Periods and Policies Implemented

- **T1: Aug– Dec 2022:** Post-COVID, three-tiered system in place
- **T2: Jan– May 2023:** Arizona reduced-price co-pay policy implemented
- **T3: Aug– Dec 2023:** Arizona policy with Medicaid Direct Certification
- **T4: Jan– May 2024:** Arizona policy with Medicaid Direct Certification and CEP expansion/mid-year enrollment

To analyze the impact of policies on school meal participation, two outcome measures were used to describe school meal participation 1) average daily participation (ADP) rate and 2) average number of total meals served per month.

ADP for a specific meal category (free, reduced price, paid) was calculated by dividing the total number of meals served in that category during a given time period by the number of operational school days in the same period. Next, ADP rate for a specific category (free, reduced price, paid) was calculated by dividing the ADP for that category by the number of eligible students in the specific category and multiplying by 100. ADP rate is interpreted as the proportion of students in a particular eligibility category participating in school meals. For example, an ADP rate for the free NSLP meal category of 70 means that on average 70% of the students eligible for free meals participate in NSLP. An example of the ADP Rate calculation for the free category is provided in Box 3.

Average number of total meals served per month was calculated by dividing the total number of meals served during a study time period by five (each time period captured data spanning a five-month period).

To assess the policy impacts on school meal participation, we compared the outcome measures (ADP rate and average number of total meals served per month) two ways: 1) separately across all four time periods representing different policy implementation phases and 2) by comparing the “pre-policy period” (T1) when Arizona schools returned to pre-pandemic three-tiered or CEP funding models with the “post-policy period” (T2 – T4), which included the implementation of the three policies: (a) the state reduced-price co-pay policy, (b) the federal Medicaid Direct Certification, and (c) CEP expansion/mid-year enrollment.

Box 3

Calculation of ADP rate for free meals category

- $ADP\ (Free) = \frac{\text{Total number of free meals served}}{\text{Number of operational school days}}$
- $ADP\ Rate\ (Free) = \frac{ADP\ (Free)}{\text{Number of students eligible for free meals}} * 100$

RESULTS

The impact of state and federal policy implementation on Community Eligibility Provision participation in Arizona schools

Total number of schools participating in CEP increased across the four study periods

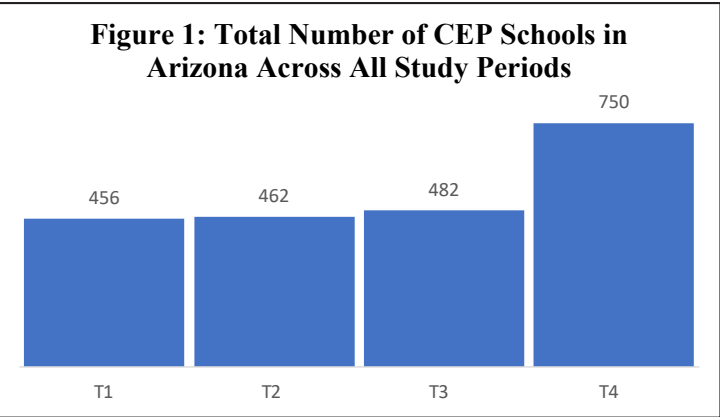
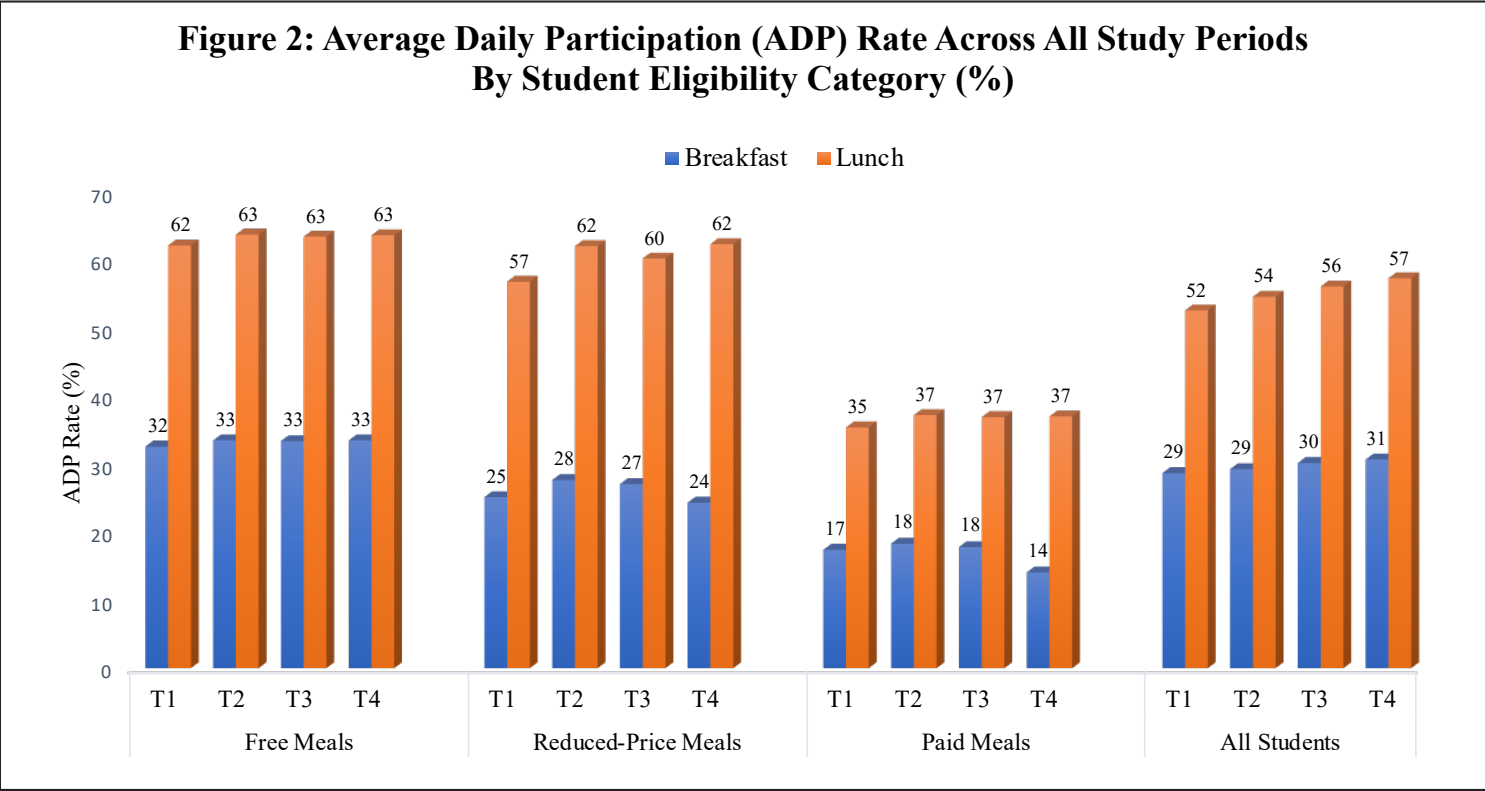


Figure 1 presents the number of CEP-participating schools in Arizona across the four study periods. At T4, there was a 64% increase in the number of CEP-participating schools compared to T1, increasing from 456 to 750 schools statewide. The large jump in CEP participation at T4 corresponds with the implementation of the CEP expansion/mid-year enrollment policies.

Note:
T1: Aug–Dec 2022: Post-COVID, three-tiered system in place
T2: Jan–May 2023: Arizona reduced-price co-pay policy implemented
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The impact of state and federal policy implementation on average daily participation (ADP) rates in Arizona schools

ADP rate for both breakfast and lunch increased for most eligibility categories in response to state and federal policy implementation.

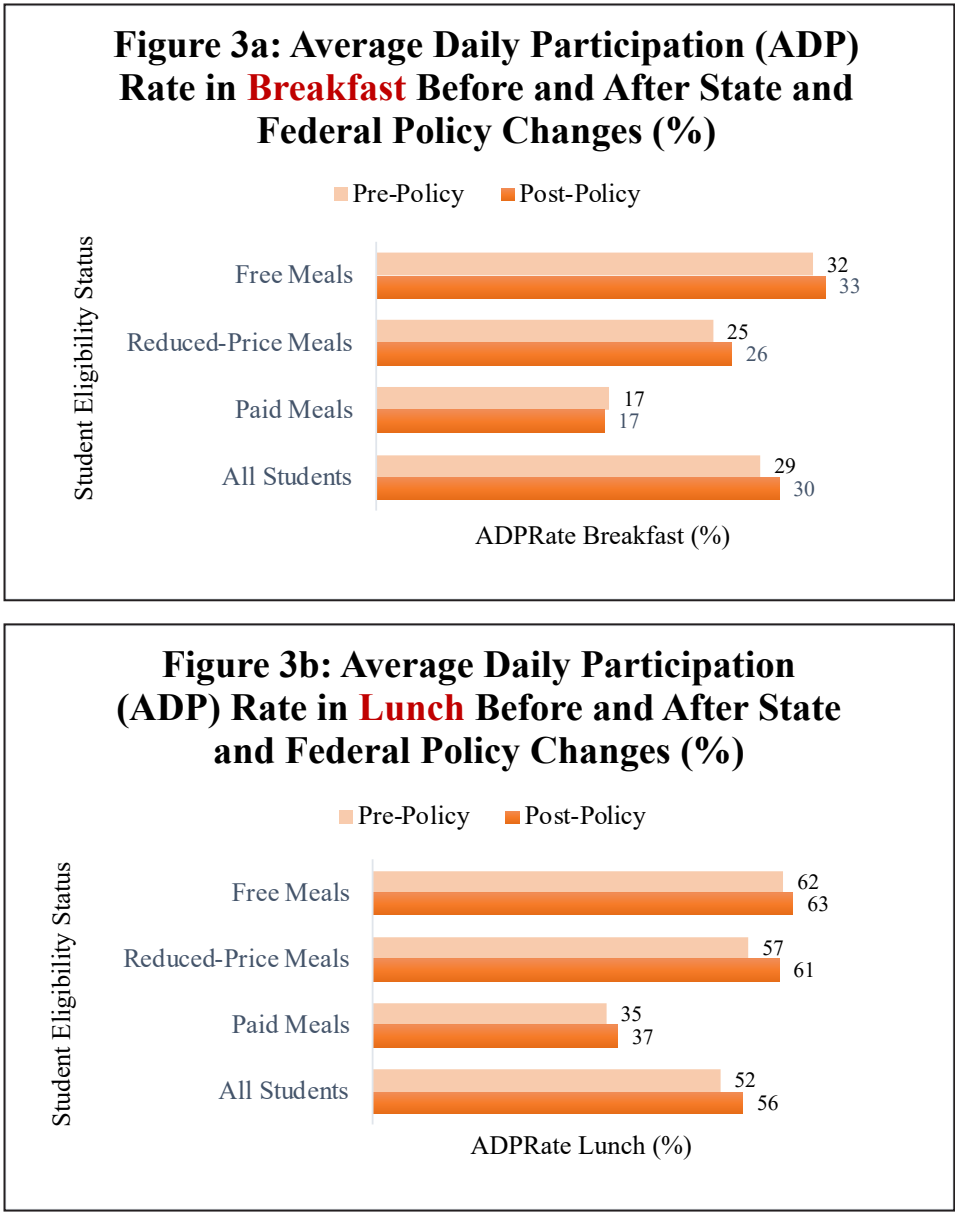


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The ADP rate for the reduced-price category for breakfast increased from 25% at T1 to 28% at T2. This shows that 12% more students eligible for reduced-price meals participated in the school breakfast program after the implementation of the policy that removed the reduced-price co-pay for families in Arizona. Similarly, a 9% increase in ADP rate was observed for school lunch participation – from 57% at T1 to 62% at T2 (Figure 2).

ADP rates for students eligible for free meals increased slightly from T1 to T2 but then remained stable throughout with about 63% of students eligible for free meals participating in school lunch and 33% participating in school breakfast.

Overall, average daily lunch participation increased by about 10% between T1 (52%) and T4 (57%), while breakfast participation increased by 7%, from 29% in T1 to 31% in T4. This increasing trend in overall participation rate can be attributed to the increase in student eligibility for free meals after the implementation of state and federal policies, and a higher proportion of students in the free meal category participating in school meals compared to other categories. There was a slight decline in the breakfast participation rate among the reduced-price and paid categories at T4, but it remained steady in the free meal category as well as in the overall participation category.



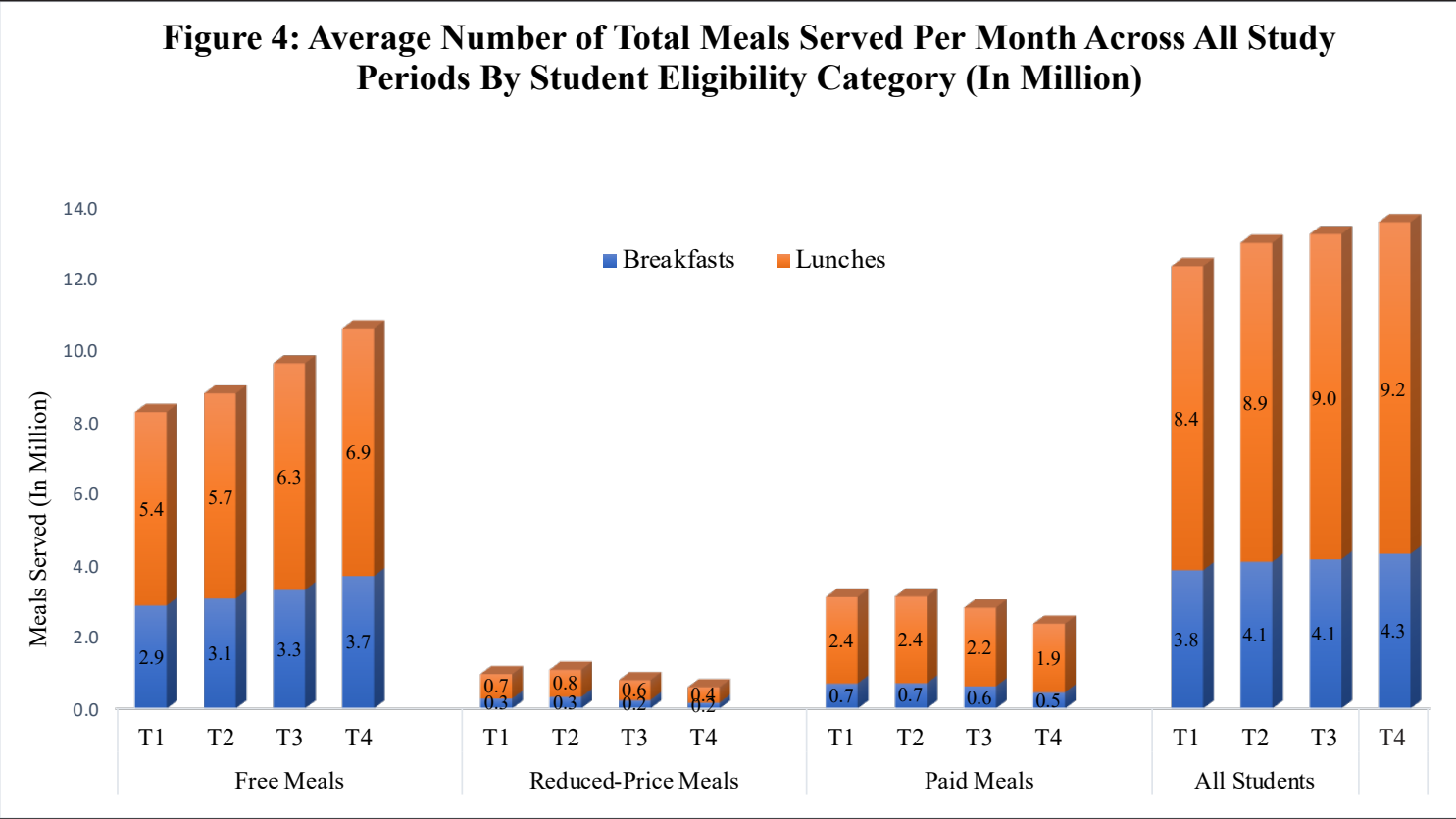
Figures 3a and 3b present ADP rates pre-policy at T1 and post-policy across T2-T4. ADP rates increased for the free meals and reduced-price meal categories as well as for all students post-policy, indicating that more students participated in school lunch and school breakfast programs in the post-policy period.

The largest increase (7%) was observed in the reduced-price lunch category, from 57% to 61%, bringing the participation rate in this category close to that for the free meals category for lunch participation. Pre-policy the ADP rate for lunch for students eligible for reduced-price meals was lower compared to that for the free meals category (57% vs 62%), but the difference narrowed post-policy (61% vs 63%) when the co-pays were eliminated.

Overall, for all students, compared to pre-policy, student participation in breakfast went up by 3% (from 29% to 30%) and lunch by 8% post-policy (from 52% to 56%).

The impact of state and federal policy implementation on the average number of total number of meals served per month in Arizona schools.

The total number of free meals served per month increased with an additional 1.4 million free meals served each month following the implementation of state and federal policies. The number of meals served in the reduced-price and paid categories decreased post-policy

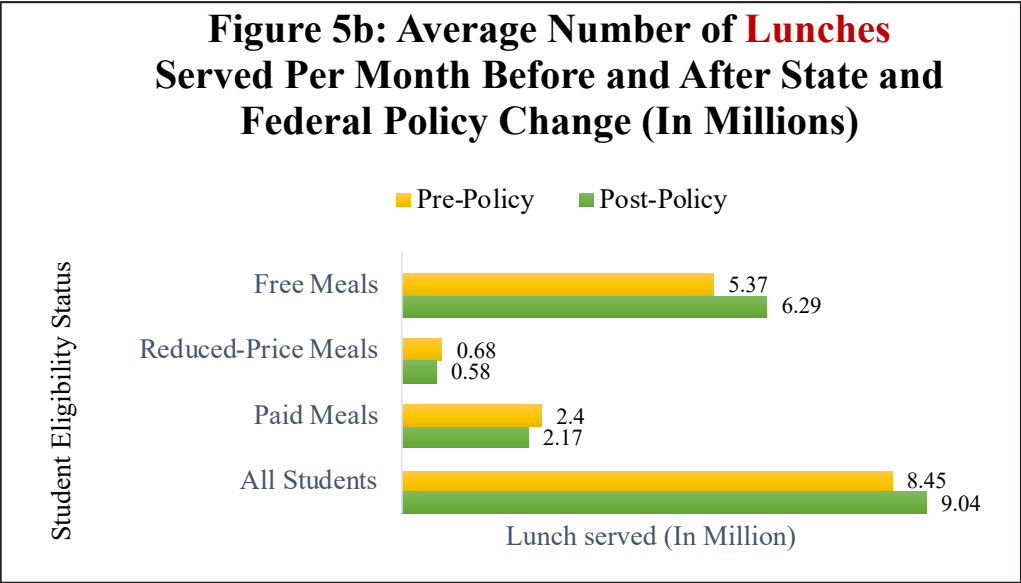
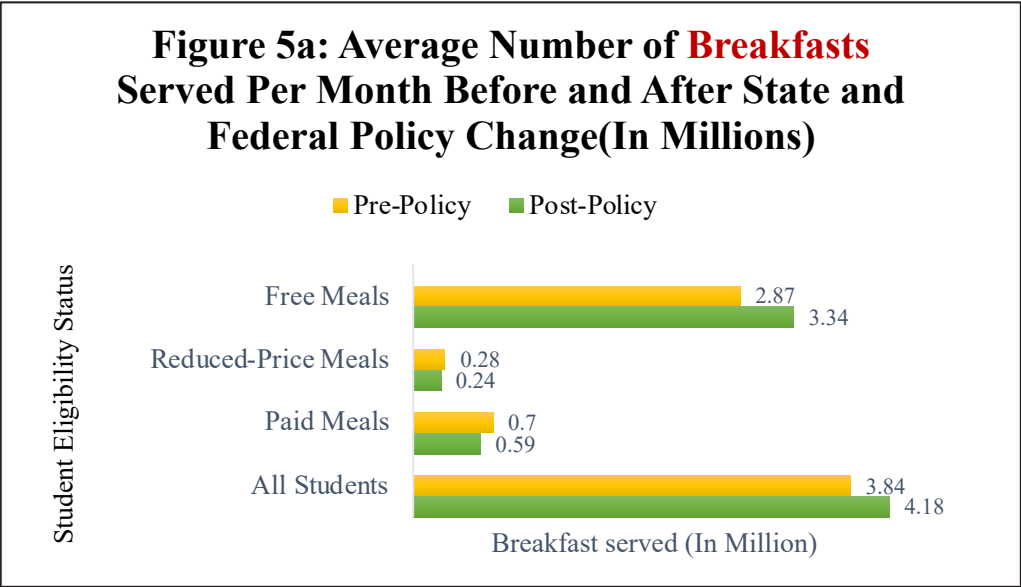


Note:
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Figure 4 shows the average number of total meals served per month by the eligibility category across all four study periods. The average number of free meals served per month increased steadily for breakfast and lunch across the study periods. Free breakfasts rose from 2.9 million in T1 to 3.7 million in T4, a 28% increase. Similar to the increase in free breakfasts, free lunches also increased by 28%, increasing from 5.4 million per month at T1 to 6.9 million per month at T4.

Lunches served across all student eligibility categories also grew, increasing from 8.4 million per month at T1 to 9.2 million at T4, a 10% increase. Overall, breakfasts served per month across all student eligibility categories increased from 3.8 million at T1 to 4.3 million at T4, a 13% increase.

Meanwhile, meals served in the reduced-price and paid categories held steady in T1 and T2 but declined in T3 and dropped further in T4. This reduction in meals for the reduced-price and paid categories during T3 and T4 reflects the impact of Medicaid Direct Certification in T3 and CEP expansion in T4. Both federal policies led to more students becoming eligible for free meals, thereby reducing the number of students to be served in the reduced-price and paid categories.



Figures 5a and 5b present the average number of total meals served pre- and post-policy implementation. The average number of total free breakfasts and lunches served per month increased by 16% and 17% respectively. Before the policy change, 2.87 million breakfasts and 5.37 million lunches were served. In the post-policy period, the number of free breakfasts and lunches went up to 3.34 million and 6.29 million, respectively.

Across all eligibility categories, breakfasts increased from 3.84 million to 4.18 million per month, a 9% increase. Similarly, the number of lunches served per month across all eligibility categories increased by 7%, increasing from 8.45 million to 9.04 million.

Together, 12.29 million breakfasts and lunches were served pre-policy and post-policy this number went up by nearly 1 million breakfasts and lunches, for a total of 13.22 million meals served each month. Post-policy, the number of breakfasts and lunches served for free went up by 1.4 million per month. As expected, given the introduction of federal policies that increased the number of students eligible for free meals (Medicaid Direct Certification and CEP expansion), the average number of total breakfasts and lunches served in the reduced-price and paid categories dropped.

CONCLUSION

The combination of state and federal policies has increased access to healthy school meals for Arizona students. While the recently implemented federal policies (Medicaid Direct Certification and CEP expansion) provide free meals to more Arizona students, state funds are necessary to support students in the reduced-price meals, specifically those attending schools that do not participate in the CEP program.

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ⁱSince its launch in 2014, schools with ISP (identified student percentage, or the proportion of students categorically eligible for free meals) of 40% or above had been eligible to participate in CEP. Starting in SY 2023-24, schools with ISP of 25% and over were eligible to participate in CEP.

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