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ABSTRACT

Legislative changes to the National School Lunch Program in 1980 and 1981 tightened eligibility requirements for schools and students and reduced the Federal reimbursement rates for free, reduced-price, and full-price school lunches. The U.S. General Accounting Office analyzed participation and Federal expenditures for the 1979-83 period and found: (1) Student participation declined from 27 million to 23.1 million primarily because fewer students ate full-price lunches. In 1982 for the first time in the history of the program, more free and reduced-price lunches were served than full-price lunches; (2) The drop in participation by schools and students in the program slightly outpaced the drop in the number of schools and student enrollment nationally; and (3) Federal program expenditures were greater in 1983 than at any time except 1981, the peak year. Since 1979, the number of families with children qualifying for free lunches increased as did the percentage of Federal expenditures for free lunches. Federal expenditures for reduced-price and full-price lunches decreased. (Author/CJM)

BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman, Committee On Agriculture, Nutrition, And Forestry United States Senate

Participation In The National School Lunch Program

Legislative changes to the National School Lunch Program in 1980 and 1981 tightened eligibility requirements for schools and students and reduced the federal reimbursement rates for free, reduced-price, and full-price school lunches. GAO analyzed participation and federal expenditures for the 1979-83 period and found that:

--Student participation declined from 27 million to 23.1 million primarily because fewer students ate full-price lunches. In 1982 for the first time in the history of the program, more free and reduced-price lunches were served than full-price lunches.

--The drop in participation by schools and students in the program slightly outpaced the drop in the number of schools and student enrollment nationally.

--Federal program expenditures were greater in 1983 than at any time except 1981, the peak year. Since 1979, the number of families with children qualifying for free lunches increased as did the percentage of federal expenditures for free lunches. Federal expenditures for reduced-price and full-price lunches decreased.

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MARCH 30, 1984

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RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

B-214750

The Honorable Jesse A. Helms
Chairman, Committee on Agriculture,
Nutrition and Forestry
United States Senate

Dear Mr. Chairman:

In a letter dated January 30, 1984, you asked us to analyze participation in the National School Lunch Program during the years immediately preceding and following changes to the program made by the Omnibus Reconciliation Act of 1980 (Public Law 96-499) and the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35). The specific changes cited in your letter involved federal reimbursement rates to schools and income eligibility criteria for free and reduced-price meals. You asked us to include information, for fiscal years 1979 through 1983, on the number of students receiving free, reduced-price, and full-price school lunches and the extent to which schools and students have dropped out of the School Lunch Program in recent years.

You also asked us to determine what percentage of eligible children receive free or reduced-price school lunches. We subsequently advised your office that information was not available to make such an analysis. As an alternative, we agreed to compare data on the number of families with eligible children and incomes meeting program eligibility criteria with program expenditure data. At that time, we also agreed to discuss data on School Lunch Program participation reported by the President's Task Force on Food Assistance.

Our analyses were based on available data compiled by the Department of Agriculture's Food and Nutrition Service, the Department of Commerce's Bureau of the Census, and the Department of Education's National Center for Education Statistics. These data do not allow us to isolate the effect of each provision of the acts on program participation. Thus, the information presented in this report reflects the cumulative impact of changes during the 5-year period covered by our analyses. In order to meet the requested issuance date, we did not verify the accuracy of the agency-provided data. As requested, we did not obtain agency comments on this report. A more detailed discussion of our scope and methodology is presented in appendix VI.

The provisions of the 1980 and 1981 reconciliation acts related to income criteria and meal reimbursement rates took effect in January 1981 and in August and September 1981, respectively. The first full fiscal year that all of these provisions were in effect was 1982. Together, the provisions have tightened eligibility criteria for schools and students and decreased federal reimbursement rates for free, reduced-price, and full-price lunches. (See app. I for additional details.)

The results of our analyses are summarized below. The cited appendixes contain additional details.

1. Over the last 5 fiscal years (1979 to 1983), the number of students participating in the School Lunch Program[1] has declined from 27 million to 23.1 million. This decline is primarily attributable to reductions in the number of students eating full-price lunches.

--The number of students receiving full-price lunches has declined steadily from 15.3 million in fiscal year 1979 to 11.2 million in fiscal year 1983.

--The number of students receiving free lunches in fiscal year 1983 (10.3 million) was greater than in fiscal year 1979 (10 million).

--The number of students receiving reduced-price lunches in 1983 (1.6 million) was less than in 1979 (1.7 million).

--Together, the number of students receiving free or reduced-price lunches increased between fiscal years 1979 and 1981 (11.7 million to 12.5 million), dropped off in fiscal year 1982 (11.4 million), and increased again in fiscal year 1983 (11.9 million).

--As a result, in fiscal year 1982, for the first time in the history of the program, more free and reduced-price lunches (1.883 billion) were served than full-price lunches (1.877 billion).

Additional information is provided in appendix II.

2. The number of schools and student enrollment have dropped both in the nation and in the School Lunch Program.

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[1]The Department of Agriculture's Food and Nutrition Service receives data on the number of lunches served in various lunch categories (free, reduced-price, and full-price) and mathematically derives the number of students these lunches represent. We used the Service's data on the number of students participating in the School Lunch Program.

--Nationally, the number of schools and enrolled students has been steadily declining over the past 5 fiscal years--from 109,200 schools and 47.6 million students in 1979 to 106,000 schools and 44.5 million students in 1983. The percent of decline is 2.9 for schools and 6.5 for students.

--During this same period, the number of schools participating in the School Lunch Program and the total enrollment of those schools also declined--but at a greater rate than nationally--from 94,300 schools and 44.6 million students in fiscal year 1979 to 90,400 schools and 40.7 million students in fiscal year 1983. The number of schools in the program decreased by 4.1 percent and student enrollment in those schools dropped by 8.7 percent.

--The total decline in the number of schools participating in the School Lunch Program in the last 2 fiscal years (1,700 in fiscal year 1982 and 800 in fiscal year 1983) can be attributed to various factors, including (1) net school openings, closings, or consolidations in those years, (2) the provision in the 1981 act which excluded high-tuition private schools from program participation, and (3) schools' decisions to drop out of the program because of changes in income eligibility criteria and federal reimbursement rates made by the 1980 and 1981 acts.

--According to a Food and Nutrition Service telephone survey of 872 public school districts in December 1981, school officials cited concerns about federal reimbursement rates and student participation as the main reasons for dropping out of the program in fiscal year 1982. (We did not evaluate the survey methodology or results.)

--In fiscal years 1979, 1980, and 1981, an average of 94.1 percent of all students had access to the School Lunch Program; in fiscal years 1982 and 1983, 91.6 percent had access.

--In fiscal years 1979, 1980, and 1981, an average of 86.7 percent of all schools participated in the School Lunch Program; in fiscal years 1982 and 1983, about 85.5 percent participated.

Additional information is provided in appendix III.

3. Although the 1980 and 1981 acts tightened eligibility criteria, total federal expenditures for the School Lunch Program were greater in fiscal year 1983 than at any time in the 5-year period except the peak year of fiscal year 1981. During that same

period, a greater share of federal School Lunch Program expenditures was used to provide students free lunches. Between 1979 and 1982, the number of families with school-age children and incomes at or below 130 percent of the Office of Management and Budget nonfarm income poverty level (such school children being eligible for a free lunch) increased. The number of families with children eligible for reduced-price lunches also increased, but the number of higher income families decreased. Federal expenditures for reduced-price and full-price lunches decreased.

--Overall federal expenditures for the School Lunch Program increased during the first 3 fiscal years ($2.74 billion to $3.29 billion), decreased in fiscal year 1982 to about $2.95 billion, and increased again in fiscal year 1983 to $3.21 billion--almost to the level of the 1981 peak fiscal year.

--The number of families with school-age children and incomes at or below 130 percent of the poverty level increased from 5.6 million in calendar year 1979 to 7.2 million in calendar year 1982--the latest year for which such data were available.

--The percentage of federal expenditures for free lunches increased every year between fiscal years 1979 (62.6 percent) and 1983 (77.4 percent). In doing so, federal expenditures for free lunches increased from $1.64 billion in fiscal year 1979 to $2 billion in 1981, declined slightly to $1.96 billion in fiscal year 1982, and increased to $2.16 billion in fiscal year 1983.

--For other income categories, the number of families with school-age children and incomes from 130 percent up to and including 185 percent of the poverty level (children eligible for a reduced-price lunch) increased from 3.2 million to 3.5 million, and the number of families with incomes over 185 percent (children that would have to pay the full price) decreased from 20.6 million to 18.1 million.

--Correspondingly, the percentage of federal expenditures for reduced-price and full-price lunches decreased from 9.5 percent and 27.9 percent, respectively, in fiscal year 1979, to 7.9 percent and 14.7 percent, respectively, in 1983. The dollar amounts decreased from $250 million and $730 million to $220 million and $410 million, respectively.

Additional information is provided in appendix IV.

4. The President's Task Force on Food Assistance--established to examine the extent of hunger in America--has also

analyzed School Lunch Program participation. In its January 13, 1984, report, the Task Force concluded that the percentage of families at or below 130 percent of the poverty threshold with school-age children and receiving free or reduced-price lunches remained stable between 1979 and 1982. Its report noted that participation declined for families with higher incomes. We elected to augment the data sources used by the Task Force with Service participation and expenditure data. In general, the Task Force's findings are consistent with the trends we are reporting. (See app. V for additional data.)

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The attached appendixes contain tables, figures, and narratives which address in greater detail the matters on which you asked us to provide information. As arranged, unless you publicly announce its contents earlier, we plan no further distribution of this report until 2 days after its issue date. At that time, we will send copies to the Chairman, House Committee on Education and Labor; the Secretary of Agriculture; and the Director, Office of Management and Budget. We also will make copies available to others on request.

Sincerely yours,

J. Dexter Peach
Director

Contents

ABBREVIATIONS

GAO	General Accounting Office
USDA	U.S. Department of Agriculture

SCHOOL LUNCH PROGRAM

ADMINISTRATION AND RECENT LEGISLATIVE CHANGES

Authorized under the National School Lunch Act of 1946 (42 U.S.C. 1751), the School Lunch Program is the oldest and largest child nutrition program in the United States. The program provides federal assistance to help states and schools serve nutritious lunches to children in participating public and private schools.

Participating schools are required to prepare and serve meals according to nutritional guidelines[1] established by the U.S. Department of Agriculture (USDA), and collect data on the number of meals served. They are responsible for such duties as purchasing and preparing food, determining menus, and setting prices that students are charged for full-price and reduced-price lunches. The state agency (generally the Department of Education) collects participation and administrative expense data from each participating school and helps fund local operation of the School Lunch Program. The state agency then compiles summary data on participation and administrative expenses and uses this information to seek reimbursement from the USDA Food and Nutrition Service.

Total reimbursement for meals is based on the number of qualifying free, reduced-price, and full-price lunches served to eligible students. States currently receive general cash assistance amounting to 11.5 cents and a commodity supplement (food) valued at 11.5 cents for each qualifying lunch served. States receive additional cash reimbursement for lunches served to eligible students at a free or reduced price. The current additional federal payment is $1.0875 for free lunches and 68.75 cents for reduced-price lunches. The net effect is a reimbursement rate of 23 cents for each full-price lunch, 91.75 cents for each reduced-price lunch, and $1.3175 for each free lunch served. The table on page 2 lists the reimbursement rates in effect from fiscal years 1979 to the present for free, reduced-price, and full-price lunches.

School Lunch Program legislation requires that income eligibility for free and reduced-price lunches be based on the Office of Management and Budget nonfarm income poverty guidelines. Currently, eligibility is set at 130 and 185 percent of poverty for free and reduced-price meals, respectively. This means that a family-of-four's income cannot exceed $12,870 to qualify for free lunches or $18,315 to qualify for reduced-price lunches. All

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[1]Meals not meeting these criteria do not qualify for any federal reimbursement.

students in participating schools, regardless of family income, are entitled to purchase full-price lunches which, as noted earlier, still earn a federal subsidy.

Federal Reimbursement for Each School Lunch Served[a]

(fiscal years 1979-83)

	School lunches		
	Free	Reduced price	Full price
	(dollars per meal)		
Fiscal year			
1979			
Oct. to Dec. 1978	$0.9725	$0.8725	$0.2900
Jan. to June 1979	1.0100	.9100	.2950
July to Sept. 1979	1.0900	.9900	.3275
1980			
Oct. to Dec. 1979	1.0900	.9900	.3275
Jan. to June 1980	1.1300	1.0300	.3300
July to Sept. 1980	1.1750	1.0750	.3400
1981			
Oct. to Dec. 1980	1.1750	1.0750	.3400
Jan. to June 1981	1.1300	.9300	.2950
July to Aug. 1981	1.2025	1.0025	.2875
Sept. 1981	1.2025	.8025	.2150
1982			
Oct. 1981 to June 1982	1.2025	.8025	.2150
July to Sept. 1982	1.2650	.8650	.2250
1983			
Oct. 1982 to June 1983	1.2650	.8650	.2250
July to Sept. 1983	1.3175	.9175	.2300
1984			
Oct. 1983 to June 1984	1.3175	.9175	.2300

[a]The table includes cash reimbursements and the value of commodity supplements.

Source: Food and Nutrition Service, USDA.

APPENDIX I

THE 1980 AND 1981 RECONCILIATION ACTS

The Omnibus Reconciliation Act of 1980 (Public Law 96-499) and the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), among other things, sought to reduce federal expenditures for the School Lunch Program, direct a higher percentage of benefits to students in families with the lowest incomes, and improve program integrity. Both acts changed (1) the income criteria for determining whether students were eligible for free or reduced-price lunches and (2) the amount which the Service was to reimburse the states for each qualifying meal served. The 1981 act also prohibited private schools with average annual tuitions exceeding $1,500 per student from participating in the program. The changes from the 1980 act took effect in January 1981. The 1981 provisions relating to eligibility and reimbursement were implemented at the beginning of the 1981-82 school year.

Specific provisions in the Omnibus Reconciliation Act of 1980 included:

--replacing the hardship deduction used to calculate income eligibility on a case-by-case basis with a $720 standard deduction to be used in all determinations;

--lowering the value of free commodities provided from 15.5 to 13.5 cents per meal;

--reducing the cash reimbursement rate for all meals by 2.5 cents per meal for all school districts with 60 percent or fewer students receiving free or reduced-price lunches; and

--setting the cash reimbursement for reduced-price lunches at 20 cents per meal below the free lunch reimbursement rate. (Prior to the 1980 act, the differential was 10 cents per meal.)

The Omnibus Budget Reconciliation Act of 1981 also affected eligibility determinations and reimbursement rates by:

--limiting eligibility for free and reduced-price lunches to students whose family incomes do not exceed 130 percent and 185 percent of poverty, respectively; (prior limits for free and reduced-price lunches were 125 and 195 percent of poverty, respectively, plus a standard deduction);

--reducing, retroactive to July 1, 1981, the value of free food commodities provided by an additional 2.5 cents per meal from 13.5 cents to 11 cents per meal; (The act also retroactively canceled a 1.25 cents-per-meal increase in free commodities scheduled to take effect July 1, 1981.)

--maintaining the cash reimbursement for free lunches at $1.0925 per meal;

--setting the cash reimbursement for reduced-price lunches at 40 cents per meal below the reimbursement rate of $1.0925 for free lunches. (The previous differential was 20 cents per meal;

--decreasing the 17.75 cents per meal cash reimbursement for full-price lunches by 7.25 cents to 10.50 cents per meal;

--eliminating from the program private schools whose average annual tuition exceeds $1,500 per child; and

--increasing the cash reimbursement by 2 cents per meal for all school districts with more than 60 percent of their students receiving free or reduced-price lunches.

In addition, the 1981 act required (1) more data on income and other information from those families with students applying for free or reduced-price lunches and (2) verification by each participating school of the information reported by applicants for free or reduced-price lunches.[2] The first of these two provisions began to take effect at the start of the 1981-82 school year; the latter provision was implemented at the beginning of the 1983-84 school year.

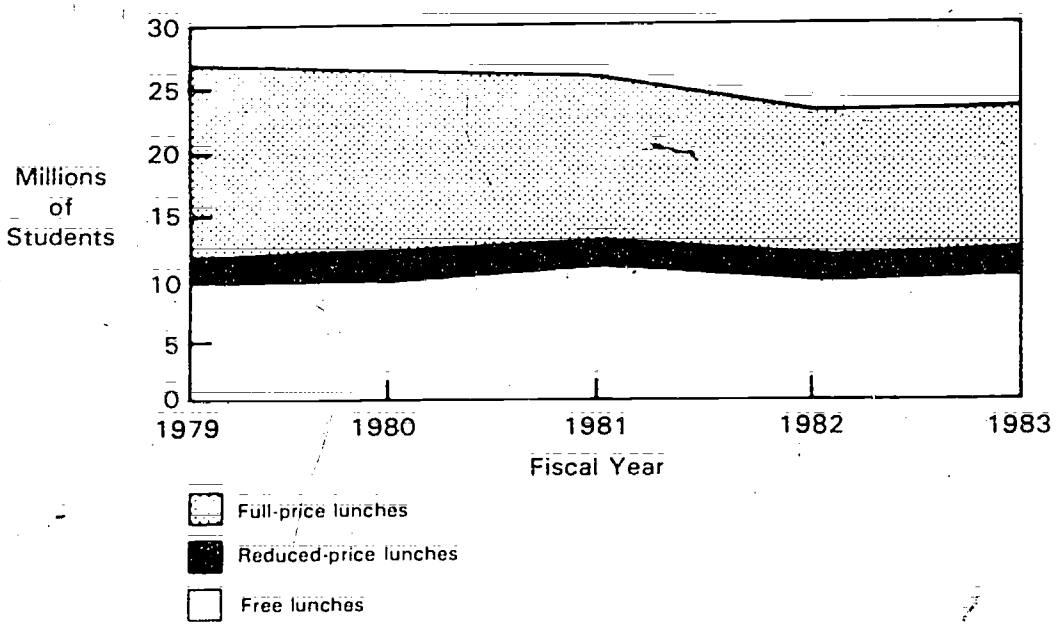
[2]Food and Nutrition Service regulations require schools to verify the information provided by 3 percent or 3,000 (whichever is less) of the applicants for free or reduced-price lunches.

SCHOOL LUNCH PROGRAM PARTICIPATION BEFORE AND AFTER THE RECONCILIATION ACTS WERE IMPLEMENTED

The Food and Nutrition Service estimated that 23.1 million students participated in the School Lunch Program in fiscal year 1983. Student participation in the program was about 14 percent lower in fiscal year 1983 than it was in fiscal year 1979, when student participation in the program peaked at 27 million. Although we did not identify the specific causes for the reduction, most of the 3.9-million decline in student participation occurred since both the 1980 and 1981 acts took effect in fiscal year 1982 and primarily occurred among students eating full-price lunches. Between fiscal years 1979 and 1981, the number of students paying full price for school lunches dropped by 2 million--from 15.3 million to 13.3 million. The number of students eating full-price lunches dropped another 1.8 million between fiscal years 1981 and 1982, and an additional 300,000 in fiscal year 1983. In comparison, the number of students eating free lunches rose by 600,000 between fiscal years 1979 and 1981 (from 10 million to 10.6 million), declined in fiscal year 1982 to 9.8 million, but then rebounded in fiscal year 1983 to 10.3 million--the second highest level in program history. About 300,000 fewer students--1.6 million, down from 1.9 million--ate reduced-price lunches once the 1980 and 1981 acts took effect. (See fig. 1.)

Figure 1

Students Participating in the School Lunch Program[a]



[a] The statistics used to develop figure 1 are shown in table 1, app. VII.
Source: Food and Nutrition Service, USDA.

APPENDIX II

No national data are available on the number of students who were shifted from one school lunch price category to another as a result of the eligibility and reimbursement changes made by the 1980 and 1981 acts. Also, no information is available on how these changes affected students' willingness to participate in the program. Regardless of family income, all students attending a school participating in the School Lunch Program are entitled to purchase a full-price (but still federally subsidized) school lunch. Therefore, except for those students attending high tuition private schools, the 1980 and 1981 reconciliation acts did not disqualify any students from the School Lunch Program. Rather, the acts may have shifted some students into a price category that required them to pay more for their lunches or, as discussed in appendix III, might have induced some schools to raise the price of reduced-price and full-price lunches. According to Service officials, some of these students then might have chosen to bring their own lunch rather than pay a higher price for a school lunch. However, we are not aware of any data which accurately measure these changes.

NUMBER OF MEALS SERVED IN THE SCHOOL LUNCH PROGRAM HAS DECREASED

Most of the policy debate on School Lunch Program participation levels has focused on the number of students getting free, reduced-price, and full-price school lunches; however, we believe that statistics on the number of each type of school lunch served offer a more precise indication of program activity. Our belief is based on the fact that state agencies operating the School Lunch Program do not directly report student participation statistics to the Service. Rather, these agencies send the Service data on the number of each type of school lunch served, and the Service then uses this information to derive an estimate of the number of students eating each type of school lunch.

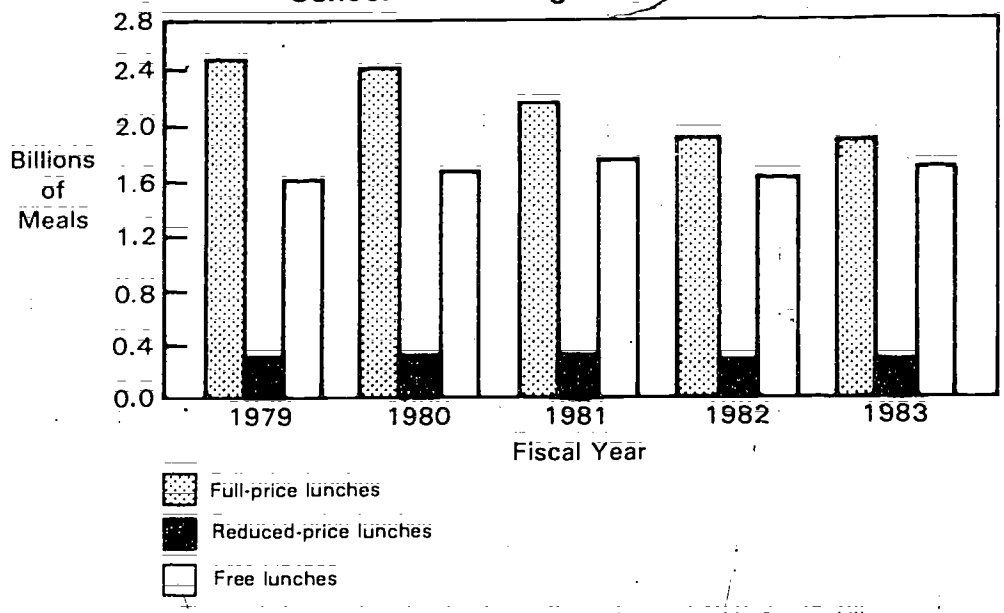
The number of meals served in the School Lunch Program has declined by 560 million (from about 4.4 billion to 3.8 billion) between fiscal years 1979 and 1983. Most of this decrease (about 420 million) occurred since the Service implemented the Omnibus Reconciliation Act of 1980 and the Omnibus Budget Reconciliation Act of 1981 and can largely be attributed to reductions in the number of full-price lunches.

The number of full-price lunches served has been declining steadily since fiscal year 1979--more than a year before the Congress passed the Omnibus Reconciliation Act of 1980. Between fiscal years 1979 and 1981, the number of full-price lunches served declined by 290 million--from about 2.5 billion to about 2.2 billion. Once the 1980 and 1981 acts were implemented, the number of full-price lunches decreased by another 330 million--from about 2.17 billion to 1.84 billion.

As figure 2 shows, the number of free school lunches has remained relatively stable, at about 1.7 billion annually. After a dip of about 120 million free lunches served in fiscal year 1982, the total for fiscal year 1983 increased by about 90 million and in doing so came just short of the 1.74--billion peak reached in fiscal year 1981. In fiscal year 1983, 253 million reduced-price lunches were served. This figure is 19 percent lower than the fiscal year 1981 peak figure of 312 million reduced-price lunches.

As a result of these trends, fiscal year 1982--the first full year that both the 1980 and 1981 reconciliation acts were in effect--marked the first time in the history of the School Lunch Program that the majority of meals served were either free or served at a reduced price.

Figure 2
School Lunch Program Meals Served[a]



[a] The statistics used to develop figure 2 are shown in table 2, app. VII.
Source: Food and Nutrition Service, USDA.

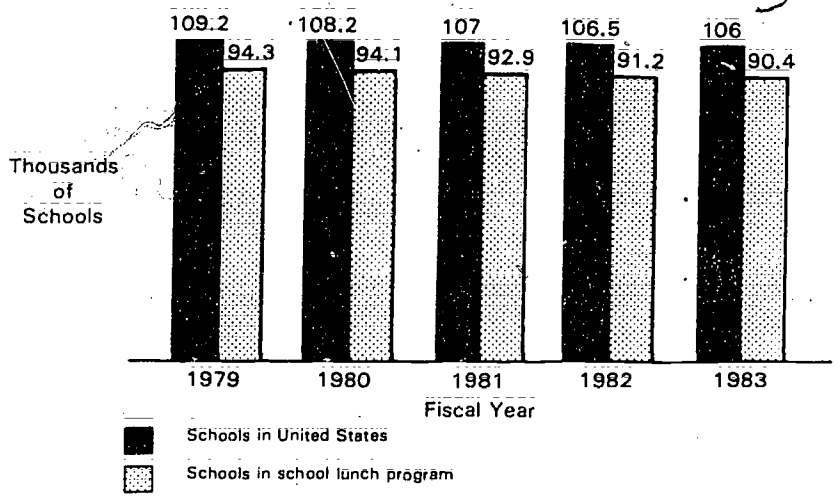
APPENDIX III

THE NUMBER OF SCHOOLS AND STUDENT ENROLLMENT FOR THE NATION AND PROGRAM

Since fiscal year 1979, the number of schools and student enrollment has declined both in the nation overall and in the School Lunch Program, with the percentage of decline being slightly greater in the program. The number of schools dropped 2.9 percent nationwide, and the number of schools participating in the program dropped 4.1 percent. Student enrollment in these schools dropped 6.5 percent and 8.7 percent, respectively.[1]

In fiscal year 1979, 94,300 (86.4 percent) of the 109,200 schools in the United States were in the School Lunch Program; in fiscal year 1983, 90,400 (85.3 percent) of the nation's 106,000 schools were in the program. (See fig. 3.)

Figure 3
Number of Schools in the United States Overall and in the School Lunch Program[a]



[a] The statistics used to develop figure 3 are shown in table 3, app. VII.
Source: Food and Nutrition Service, USDA, and National Center for Education Statistics, U.S. Department of Education

[1]Statistics on the number of schools and the student enrollment of schools in the School Lunch Program are based on actual participation data maintained by the Food and Nutrition Service. National school and student enrollment statistics are based on annual and biennial surveys and estimates made by the National Center for Education Statistics, U.S. Department of Education.

The Service's records show that the number of schools in the School Lunch Program decreased by 1,700 between fiscal years 1981 and 1982--the latter being the first full year that the eligibility and reimbursement rate changes from the 1980 and 1981 reconciliation acts were in effect. As discussed below, the overall decline in the number of U.S. schools was an important factor that contributed to the reduction in the number of schools participating in the School Lunch Program, as were the provisions in the 1980 and 1981 reconciliation acts.

The net effect of school openings, closings, and consolidations nationwide was that 500 fewer schools were open in the United States in 1982 than in 1981. In the last 5 years, about 86 percent of all schools have participated in the School Lunch Program; consequently, we believe it reasonable to assume that most of the schools that closed or were consolidated with others had previously been participating in the program.

Service officials estimated that private schools comprised about 500 of the 1,700 total decrease in the number of schools in the School Lunch Program in fiscal year 1982. They told us that many of these private schools probably had to drop out of the program because the 1981 reconciliation act prohibited high-tuition schools from participating.

In December 1981, the Service made a telephone survey[2] of 872 public school districts[3] to gather information on how the 1981 reconciliation act affected schools participating in the School Lunch Program. The responses indicated that concerns about federal reimbursement rates and student participation levels were the main reasons schools gave for dropping out of the program in fiscal year 1982. The survey also showed that schools no longer in the program tended to be from smaller, rural, affluent districts.

The Service's survey also showed that in over 90 percent of the school districts remaining in the School Lunch Program, neither the state nor the school district provided schools with additional funds to make up for lower federal reimbursements. Instead, the schools used various cost-cutting measures, charged more for meals, and made other changes to make up the difference.

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[2]We did not evaluate the survey methodology or results.

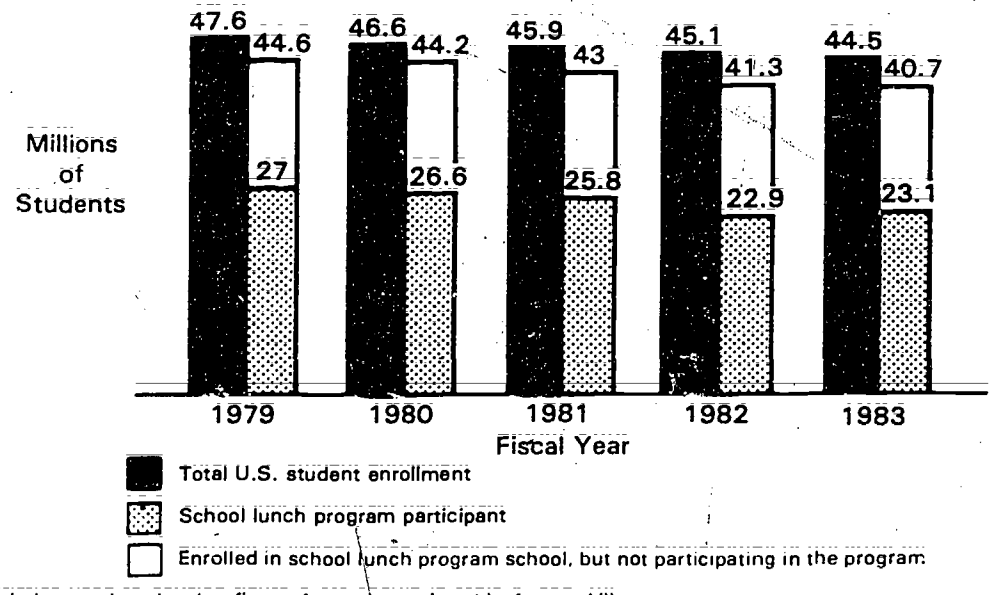
[3]The United States has about 15,000 school districts.

APPENDIX III

NATIONAL STUDENT ENROLLMENT AND ENROLLMENT IN THE SCHOOLS PARTICIPATING IN THE SCHOOL LUNCH PROGRAM

The trend in national student enrollment and in the enrollment of schools participating in the School Lunch Program generally has mirrored the decline in the number of schools in the nation and in the program. As shown in figure 4, the enrollment of schools nationwide and of schools in the program has declined each year since fiscal year 1979. In fiscal year 1979, 44.6 million students (93.7 percent) of the nation's 47.6 million students attended schools that participated in the School Lunch Program. Of these, 61 percent (27 million students) ate school lunches. In fiscal year 1983, 40.7 million students (91.5 percent) of the nation's 44.5 million students attended schools that participated in the School Lunch Program. Of these, 57 percent (23.1 million students) ate school lunches.

Figure 4
Enrollment in the Nation's Schools and in Schools Which Participated in the School Lunch Program[a]



[a] The statistics used to develop figure 4 are shown in table 4, app. VII.
Source: Food and Nutrition Service, USDA, and National Center for Education Statistics, U.S. Department of Education.

APPENDIX IV

CHANGES IN THE INCOME LEVELS OF FAMILIES WITH SCHOOL-AGE CHILDREN AND IN FEDERAL SCHOOL LUNCH PROGRAM EXPENDITURES

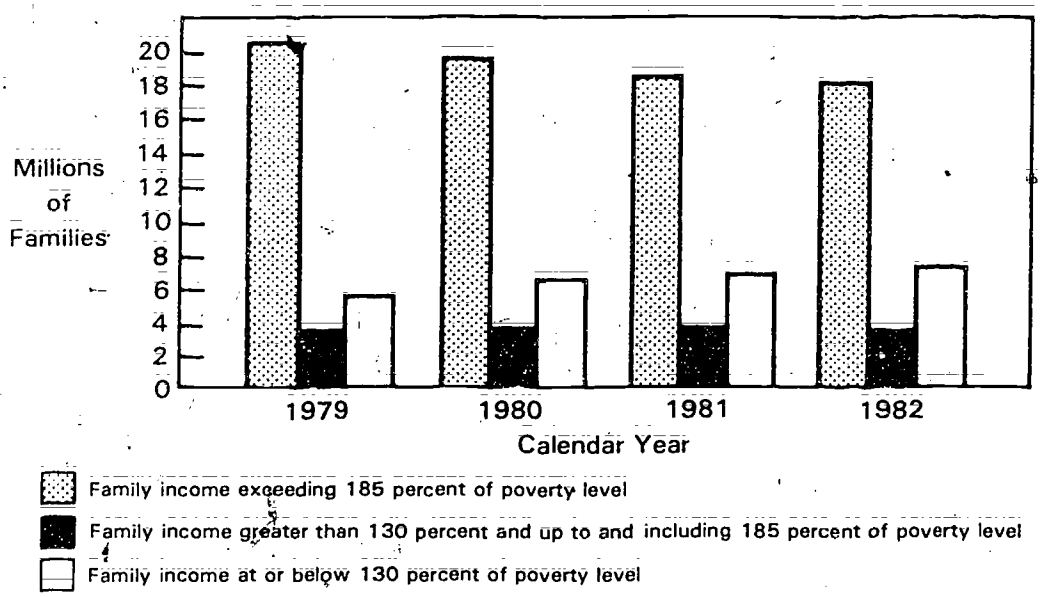
Since 1979, the number of families with school-age children that would qualify for free or reduced-price lunches has increased, as shown in figure 5. The number of families with school-age children and incomes at or below 130 percent of the Office of Management and Budget nonfarm income poverty guidelines--thus qualifying for free school lunches--increased by about 28 percent between calendar years 1979 and 1982--the latest year for which such data were available. In 1979, families in this category comprised 19.1 percent of all families with school-age children; in 1982 they comprised 25 percent.

During this same period, the number of families with school-age children and incomes greater than 130 percent up to and including 185 percent of poverty level guidelines (therefore qualifying for reduced-price lunches), increased by 8 percent. In 1979, such families comprised 10.9 percent of all families with school-age children. That percentage increased to 12.1 in 1982.

The number of families with school-age children and incomes above 185 percent of the poverty level decreased by 12.2 percent. These families comprised 70 percent of all families with school-age children in 1979 and 63 percent of families with incomes in this range in 1982.[1]

[1]As noted in appendix I, families of four with incomes not exceeding $12,870 or $18,315 are eligible for free or reduced-price school lunches, respectively. Also, prior to fiscal year 1982, the program had somewhat different eligibility criteria. When analyzing changes in the number of families with children eligible for school lunches, we used the 130 and 185 percent of poverty ceilings for all years. We did this to allow for a consistent comparison for all years. Data on the income levels of families with school-age children were available only for calendar years 1979 through 1982. All other data in this report were available for fiscal years 1979 through 1983.

Figure 5
Number of Families With School-Age Children[a]
(In Program Income Levels)



[a] The statistics used to develop figure 5 are shown in table 5, app. VII.
Source: Special Department of Labor tabulations of Bureau of the Census' Current Population Survey data.

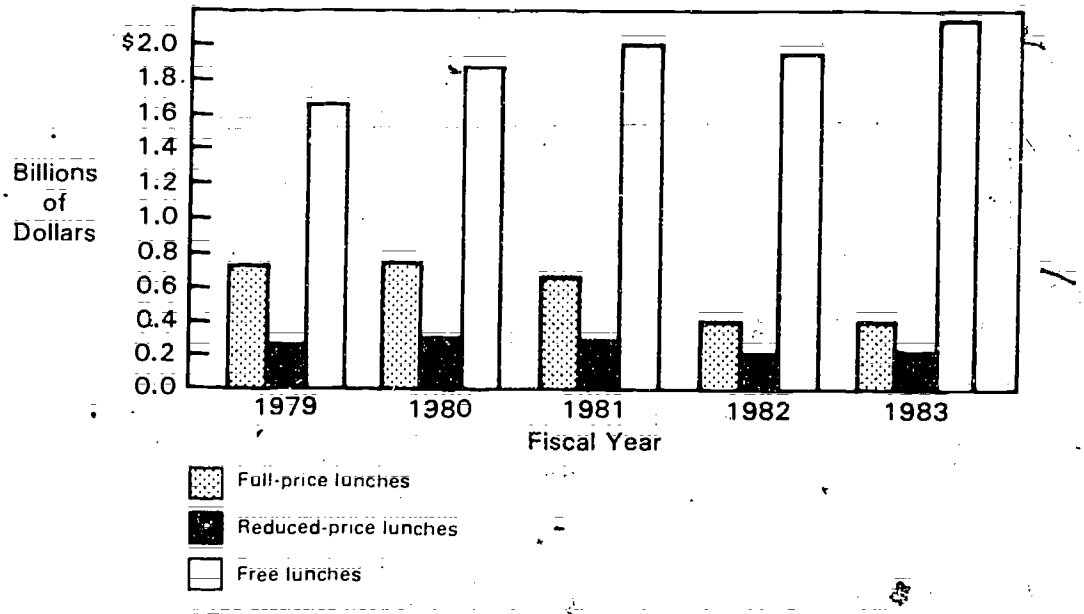
Between fiscal years 1979 and 1981, the amount of money the federal government spent on the School Lunch program increased each year. Expenditures peaked in fiscal year 1981 when about $3.29 billion was spent on the program. By fiscal year 1982, both the 1980 and 1981 acts were in effect, and federal School Lunch program expenditures were about 9 percent lower than in the previous fiscal year. However, in fiscal year 1983, program expenditures returned to almost the same levels as in fiscal years 1980 and 1981.

Between fiscal years 1979 and 1983, the federal government increased the amount spent on free lunches from $1.64 billion to $2.16 billion. As a result, free lunches, which accounted for about 63 percent of program expenditures in fiscal year 1979, accounted for about 77 percent of the program's dollars in fiscal year 1983. More was spent for free lunches in 1983 than in any of the previous 4 years. (See fig. 6.)

The share of federal expenditures devoted to reduced-price and full-price lunches decreased after the 1980 and 1981 reconciliation acts took effect. Federal spending on reduced-price and full-price lunches peaked in fiscal year 1980 when the federal government spent about $320 million and $760 million, respectively, on these categories. At that time, these expenditures

equaled about 11 and 26 percent, respectively, of all program dollars. By fiscal year 1983, when about $220 million was spent on reduced-price lunches and about $410 million went for full-price lunches, their share of program expenditures had declined to about 8 and 15 percent, respectively.

Figure 6
Federal Expenditures for Each Category of School Lunch[a]



[a] The statistics used to develop figure 6 are shown in table 6, app. VII.
Source: GAO calculations of Food and Nutrition Service data.

As discussed above, federal spending since fiscal year 1979 has increased for free lunches and decreased for reduced-price and full-price lunches. Between calendar years 1979 and 1982, the number and percentage of families with children who would qualify for free or reduced-price lunches increased while those with children who would have to pay the full price for lunches decreased.

The following table shows that increases in federal spending on free lunches generally kept pace with the increases in the number of families with children eligible for these lunches. Federal spending on full-price school lunches declined proportionately more than did the number of families with children and incomes above 185 percent of the poverty level. Federal spending on reduced-price lunches decreased while the percentage of families with children that would qualify for these lunches increased.

Percentage Change in Federal Dollars Spent on Each Type of School Lunch and the Number of Families With Children Eligible for These Lunches[a]

Percentage change in	Free lunch	Reduced-price lunch	Full-price lunch
Federal spending on school lunches	+31.7	-12.0	-43.8
Number of families with children	+27.5	+ 7.6	-12.2

[a]This represents the most recent data available on federal spending on school lunches and on the number of families with school-age children. Data on federal spending reflects the change between fiscal years 1979 and 1983; data on families with school-age children reflects the change between calendar years 1979 and 1982. Also, as noted on page 11 of this appendix, we used current program criteria for determining eligibiity for free and reduced-price lunches.

Source: GAO calculations of Food and Nutrition Service data and of special Department of Labor tabulations of Bureau of the Census' Current Population Survey data.

APPENDIX V

ANALYSIS OF SCHOOL LUNCH PARTICIPATION BY THE PRESIDENT'S TASK FORCE ON FOOD ASSISTANCE

One objective of the President's Task Force on Food Assistance--established to examine the extent of hunger in America--was to determine what percentage of families with school-age children participate in the School Lunch Program. The Task Force used Bureau of the Census Current Population Survey data to determine the number of families with children eligible for school lunches as well as the number of families with children actually getting free or reduced-price lunches.

On the basis of this analysis, the Task Force concluded in a January 1984 working paper that for families with incomes at or below 130 percent of the poverty threshold, ". . . the share . . . receiving free or reduced-price lunches was stable between 1979 and 1982 . . . . Among families with incomes from 130-185% of the poverty threshold, participation declined . . . . The number of families with children taking advantage of full-price lunches has also declined. . . ."

The Current Population Survey provides information on (1) the number of families with school-age children, (2) the income levels of these families, and (3) the number of these families who have children eating school lunches. These Bureau of Census data offer the best available information on the number of families with children eligible for free, reduced-price, or full-price school lunches. However, as recognized by the Task Force, several problems arise when these data are used to measure School Lunch Program participation. For example:

--Census statistics do not distinguish between free and reduced-price lunches.

--Census statistics do not identify lunches which are primarily subsidized by the federal government as opposed to those mainly involving state or local assistance.

--Census statistics report program participation based on the responses of the families surveyed. These respondents may not realize what type of school lunch their children receive.

We also attempted to compare changes in the assistance provided by the School Lunch Program and changes in the number of families with children qualifying for free, reduced-price, and full-price lunches. We also used the Census data to determine the number of families with children eligible for school lunches. However, we did not use Census data to assess changes in program participation. Instead, we used the Service's data on the number

of meals served and the federal reimbursement for these meals to calculate how much money the federal government had spent on free, reduced-price, and full-price lunches during the last 5 fiscal years. We then compared changes in these expenditures with changes in the number of families with children eligible for School Lunch program benefits. (See app. IV.) In general, the Task Force's findings are consistent with the trends we are reporting.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objective was to gather and provide existing data on School Lunch Program participation and on some of the economic and demographic conditions that may have affected program participation prior to and subsequent to the implementation of the Omnibus Reconciliation Act of 1980 and the Omnibus Budget Reconciliation Act of 1981. We made our review in accordance with generally accepted government auditing standards. During our field work in February and March 1984, we collected national data for fiscal years 1979 through 1983. We discussed the data with officials from the Food and Nutrition Service and the Department of Education's National Center for Education Statistics. We did not verify the accuracy of agency-reported statistics. In order that the report be issued by April 6, 1984, the Chairman requested that we not obtain agency comments on this report.

We obtained program participation records maintained by the Service to determine:

--the number of students receiving free, reduced-price, and full-price school lunches;

--the number of each of these types of lunches served;

--the number of schools participating in the School Lunch Program; and

--the enrollment of these schools.

Statistics compiled by the National Center for Education Statistics provided us with (1) the number of schools in the United States and (2) the student enrollment of these schools. We used special tabulations of the Department of Commerce's Bureau of the Census Current Population Survey data prepared by the Department of Labor to determine the number of families with school-age children eligible for free, reduced-price, and full-price school lunches.

We used the Service's School Lunch Program participation data and information from the National Center for Education Statistics to compare trends in the number of schools and student enrollment of schools in the program with those in the nation as a whole.

We used Service data to calculate the amount of money the federal government spent on free, reduced-price, and full-price lunches. We then determined how this spending had changed during the last 5 fiscal years.

Using Census data, we calculated the number of families with school-age children and having incomes (1) at or below 130 percent, (2) greater than 130 up to and including 185 percent, and

(3) above 185 percent of the poverty level.[1] We then determined how the number of families in each income group changed between calendar years 1979 and 1982. Finally, we compared the change in federal spending for each type of lunch with the change in the number of families with school-age children and with incomes meeting current eligibility criteria for free, reduced-price, and full-price lunches.

National statistics were not available on (1) the changes schools made in their lunch programs as a result of the 1980 and 1981 reconciliation acts or (2) the number of students whose eligibility for free or reduced-price lunches was affected by these acts. A December 1981 survey which the Service made of 872 school districts was the only source of information on how schools responded to the 1981 act.

The requirement that schools verify eligibility of a portion of their school lunch caseload was implemented in the fall of 1983; therefore, its impact on the program would not be reflected in any currently available data. Also, we are not aware of any data on the effect on School Lunch Program participation of requiring applicants for free and reduced-price lunches to report additional information on income and other factors affecting program eligibility.

Service statistics show changes in program participation before and after the 1980 and 1981 reconciliation acts were implemented. However, the data do not allow us to discern how program participation was affected by each individual provision in the acts.

[1]These income levels correspond to the School Lunch Program income eligibility criteria described in appendix I.

APPENDIX VII

TABLES OF SUMMARY DATA

The following tables provide the data used to develop each figure in the previous appendices.

Table 1

Number of Students Participating in the School Lunch Program[a]

Type of lunch received	Fiscal year 1979	1980	1981	1982	1983
	(millions)				
Full-price:					
Number	15.3	14.7	13.3	11.5	11.2
Percent	56.7	55.3	51.5	50.2	48.5
Reduced-price:					
Number	1.7	1.9	1.9	1.6	1.6
Percent	6.3	7.1	7.4	7.0	6.9
Free:					
Number	10.0	10.0	10.6	9.8	10.3
Percent	37.0	37.6	41.1	42.8	44.6
Total:					
Number	27.0	26.6	25.8	22.9	23.1
Percent	100.0	100.0	100.0	100.0	100.0

[a]The Service uses information on the number of school lunches served to estimate the number of students participating in the School Lunch Program.

Source: Food and Nutrition Service, USDA.

Table 2

School Lunch Program Meals Served

Type of school lunch	Fiscal year 1979	1980	1981	1982	1983
	(millions)				
Full-price:					
Number	2,456	2,408	2,166	1,877	1,835
Percent	56.4	54.9	51.3	49.9	48.3
Reduced-price:					
Number	278	308	312	262	253
Percent	6.4	7.0	7.4	7.0	6.7
Free:					
Number	1,623	1,671	1,740	1,621	1,707
Percent	37.2	38.1	41.3	43.1	45.0
Total:					
Number	4,357	4,387	4,218	3,760	3,795
Percent	100.0	100.0	100.0	100.0	100.0

Source: Food and Nutrition Service, USDA.

Table 3

Number of Schools in the United States and Participating in the School Lunch Program

	Fiscal year				
	1979	1980	1981	1982	1983
	(thousands)				
Schools[a]					
U.S. schools	109.2	108.2	107.0	106.5	106.0
Schools in program:					
Number	94.3	94.1	92.9	91.2	90.4
Percent	86.4	87.0	85.6	85.6	85.3

[a]U.S. school statistics are based on annual and biennial surveys and estimates made by the National Center for Education Statistics; statistics on program schools are based on participation data maintained by the Service.

Source: Food and Nutrition Service, USDA; and National Center for Education Statistics, U.S. Department of Education.

Table 4

Enrollment in the Nation's Schools and in Schools Which Participated in the School Lunch Program

	Fiscal year				
	1	1980	1981	1982	1983
	(thousands)				
Students[a]					
U.S. enrollment	47,600	46,600	45,900	45,100	44,500
Enrollment of schools in program:					
Number	44,600	44,200	43,000	41,300	40,700
Percent	93.7	94.8	93.7	91.6	91.5

[a]U.S. student enrollment statistics are based on annual and biennial surveys and estimates made by the National Center for Education Statistics; statistics on the enrollment of schools in the program are based on participation data maintained by the Service.

Source: Food and Nutrition Service, USDA; and National Center for Education Statistics, U.S. Department of Education.

Table 5

Number of Families with School-age Children

Categorized by Income Levels

	Fiscal year			
	1979	1980	1981	1982
	(thousands)			
Families				
Greater than 185 percent of poverty:				
Number	20,601	19,476	18,571	18,084
Percent	70.0	66.5	64.2	63.0
Greater than 130 percent up to and including 185 percent of poverty:				
Number	3,216	3,469	3,577	3,461
Percent	10.9	11.9	12.4	12.0
At or below 130 percent of poverty:				
Number	5,631	6,323	6,780	7,180
Percent	19.1	21.6	23.4	25.0
Total:				
Number	29,448	29,268	28,928	28,725
Percent	100.0	100.0	100.0	100.0

Source: Special Department of Labor tabulations of Bureau of the Census' Current Population Survey data.

Table 6

Federal Expenditures for Each Type of School Lunch

Type of school lunch	Fiscal year 1979	1980	1981	1982	1983
	(millions)				
Full-price:					
Dollars	730	760	650	410	410
Percent	27.9	25.7	22.0	15.9	14.7
Reduced-price:					
Dollars	250	320	300	210	220
Percent	9.5	10.8	10.2	8.1	7.9
Free:					
Dollars	1,640	1,880	2,000	1,960	2,160
Percent	62.6	63.5	67.8	76.0	77.4
Total[a]:					
Dollars	2,620	2,960	2,950	2,580	2,790
Percent	100.0	100.0	100.0	100.0	100.0

[a]Totals will not equal total expenditure figures in table 7 because data in this table do not include bonus commodities and because of rounding.

Source: GAO calculations based on Food and Nutrition Service data.

Table 7

Federal Expenditures for the School Lunch Program

	Fiscal year				
	1979	1980	1981	1982	1983
	(millions)				
Dollars					
Cash	1,991	2,296	2,397	2,191	2,356
Commodities	745	904	895	761	852
Total	2,736	3,200	3,292	2,952	3,208

Source: Food and Nutrition Service, USDA.

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(3) above 185 percent of the poverty level.[1] We then determined how the number of families in each income group changed between calendar years 1979 and 1982. Finally, we compared the change in federal spending for each type of lunch with the change in the number of families with school-age children and with incomes meeting current eligibility criteria for free, reduced-price, and full-price lunches.

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