

Additional Funding Sources Available to School Food Authorities

A research brief about school year 2022–2023



Key Takeaways

- In school year 2022–2023, school food authorities (SFAs) had access to Federal funding to help offset high program costs due to the supply chain disruptions that persisted from the COVID-19 pandemic.
- Most SFAs reported that their finances improved with the additional per-meal reimbursements provided through the Keep Kids Fed Act of 2022.
- Most SFAs received Supply Chain Assistance Funds, and the funds were most commonly used to purchase fluid milk, vegetables, and fruits.
- Most of the SFAs that received Equipment Assistance Grants used the funding to replace aging or broken equipment.
- About half of State agencies provided a subsidy for breakfasts or lunches. The most common was a per-meal reimbursement based on the number of reduced-price meals. About one-third of State agencies provided this type of subsidy.

The U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) administers the National School Lunch Program and School Breakfast Program to provide nutritious school meals to children. State agencies administer the school meal programs in each State and Territory through agreements with local school food authorities (SFAs). SFAs are responsible for the school meal programs in one or more schools, including program finances. SFAs maintain a nonprofit school food service ([7 CFR § 210.14](#))¹ by managing operational costs and revenues.

Several funding sources provide revenue in a typical year:

- **Student payments for school meals.** School meals are free for most students. Students who pay for school meals pay the prices set by their SFAs (an average of \$1.80 for breakfast and \$2.99 for lunch in school year [SY] 2022–2023) or pay a reduced price (no more than \$0.30 for breakfast and \$0.40 for lunch) if their household income is between 130 and 185 percent of the Federal poverty level ([42 USC § 1773](#); [42 USC § 1758](#)).^{2,3} For more information, please read the research brief on meal prices (Eiffes et al. forthcoming).⁴
- **Student payments for nonprogram foods.** Students must pay for foods served outside of the school meal programs, such as à la carte items.
- **USDA reimbursements.** The USDA sends SFAs cash reimbursements to subsidize the cost of every school meal ([42 USC § 1773](#); [42 USC § 1759a](#)).^{2,5} In SY 2022–2023, the base subsidy was \$0.35 for paid breakfasts, \$1.81 for reduced-price breakfasts, \$2.11 for free breakfasts, \$0.37 for paid lunches, \$3.53 for reduced-price lunches, and \$3.39 for free lunches ([Federal Register, 2022](#)).⁶ The subsidy is higher in Alaska, Hawaii, and the Territories and in SFAs that serve more children who qualify for free or reduced-price meals. In SY 2022–2023, USDA reimbursed 21 percent of school breakfasts and 29 percent of school lunches at the paid rate, 3 percent

of school breakfasts and 4 percent of school lunches at the reduced-price rate, and 76 percent of breakfasts and 67 percent of lunches at the free rate ([USDA Child Nutrition Tables](#)).⁷

- **USDA Foods entitlements.** USDA purchases American-grown and -produced foods and gives SFAs an entitlement of these USDA Foods. In SY 2022–2023, the average value was \$0.30 per lunch ([FNS 2025](#)).⁸
- **USDA grant funding.** USDA provides a variety of grants, such as yearly Equipment Assistance Grants for SFAs to buy the food service equipment they need to serve healthier meals and improve food safety ([FNS 2024](#)).⁹
- **State funding.** States must contribute a minimum level of funding to SFAs participating in the school meal programs ([7 CFR § 210.17](#)).¹⁰

SFAs had access to additional Federal funding in SY 2022–2023 because it was not a typical year—widespread supply chain disruptions caused by the COVID-19 pandemic persisted and led to higher program costs ([Applebaum and Figueroa 2022](#); [Washburn et al. 2023a](#); [FNS 2023](#)).^{11,12,13} USDA provided additional funding to SFAs through the Keep Kids Fed Act of 2022, Supply Chain Assistance funds, and a second round of Equipment Assistance Grants. We asked a nationally representative group of 1,100 SFAs questions about these additional sources of Federal funding.

Keep Kids Fed Act of 2022

The Keep Kids Fed Act of 2022 ([PL 117-158](#))¹⁴ provided funding to increase USDA reimbursements from the base subsidy to amounts that were \$0.15 more per school breakfast and \$0.40 more per school lunch to offset high food costs in SY 2022–2023. We asked SFAs how this affected their finances.

The additional per-meal reimbursements slightly improved finances for 26 percent of SFAs, moderately improved finances for 22 percent of SFAs, and substantially improved finances for 14 percent of SFAs. The reimbursements had no effect on finances for 9 percent of SFAs, and 29 percent did not know the effect on their finances.

Supply Chain Assistance funds

The USDA allocated \$471.5 million of Supply Chain Assistance funds for use in SY 2022–2023 through the Commodity Credit Corporation ([FNS 2022a](#); [15 USC 714c\(c\)](#)).^{15,16} SFAs could use the funds to buy unprocessed and minimally processed domestic foods. We asked SFAs whether and how they used the SY 2022–2023 Supply Chain Assistance funds.

Almost three-fourths of SFAs (72 percent) said they received Supply Chain Assistance funds in SY 2022–2023; a sizeable portion (15 percent) did not know whether they received funds or not. More than 80 percent of the SFAs that received Supply Chain Assistance funds used them to purchase fluid milk, and more than half used the funds to purchase fruits and vegetables. SFAs also used the funds to purchase meats or meat alternates, dairy foods other than milk, and grains. Sixteen percent of the foods purchased were locally produced.

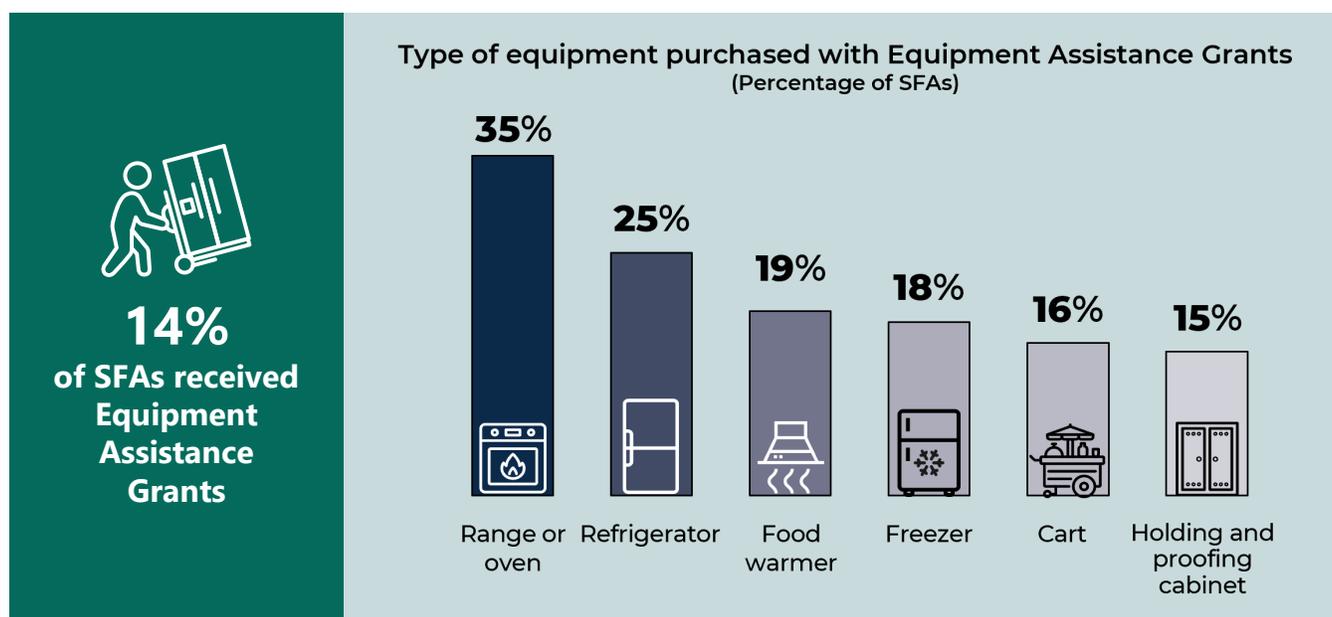


These findings are largely consistent with findings from previous studies in this series. In SY 2020–2021 and SY 2021–2022, FNS allowed State agencies to waive certain meal pattern requirements ([7 CFR § 220.8](#); [7 CFR § 210.10](#))^{17,18} when supply chain disruptions prevented their SFAs from obtaining the foods they needed (FNS 2020; FNS 2021).^{19,20} During both time periods, the most frequently waived requirements were those for milk, vegetables, and grains ([Washburn et al. 2025](#); [Washburn et al. 2023b](#)).^{17,21}

Equipment Assistance Grants

The Consolidated Appropriations Act, 2022 ([PL 117-103](#))²² provided \$30 million to fund the USDA’s annual Equipment Assistance Grants in SY 2022–2023 ([FNS 2022](#)).²³ The American Rescue Plan Act provided \$50 million to fund a second round of Equipment Assistance Grants in SY 2022–2023 “to maintain and improve food and agricultural supply chain resiliency” ([FNS 2022](#); [PL 117-2 §1001 \(b\)\(4\)](#)).^{24,25} We asked SFAs if they received any Equipment Assistance Grants in SY 2022–2023 and how they used the funding.

Fourteen percent of SFAs received Equipment Assistance Grants and most (79 percent) used the funds to replace aging or broken equipment. The equipment purchased by the largest percentage of SFAs included ranges or ovens, refrigerators, food warmers, freezers, carts, and holding and proofing cabinets.

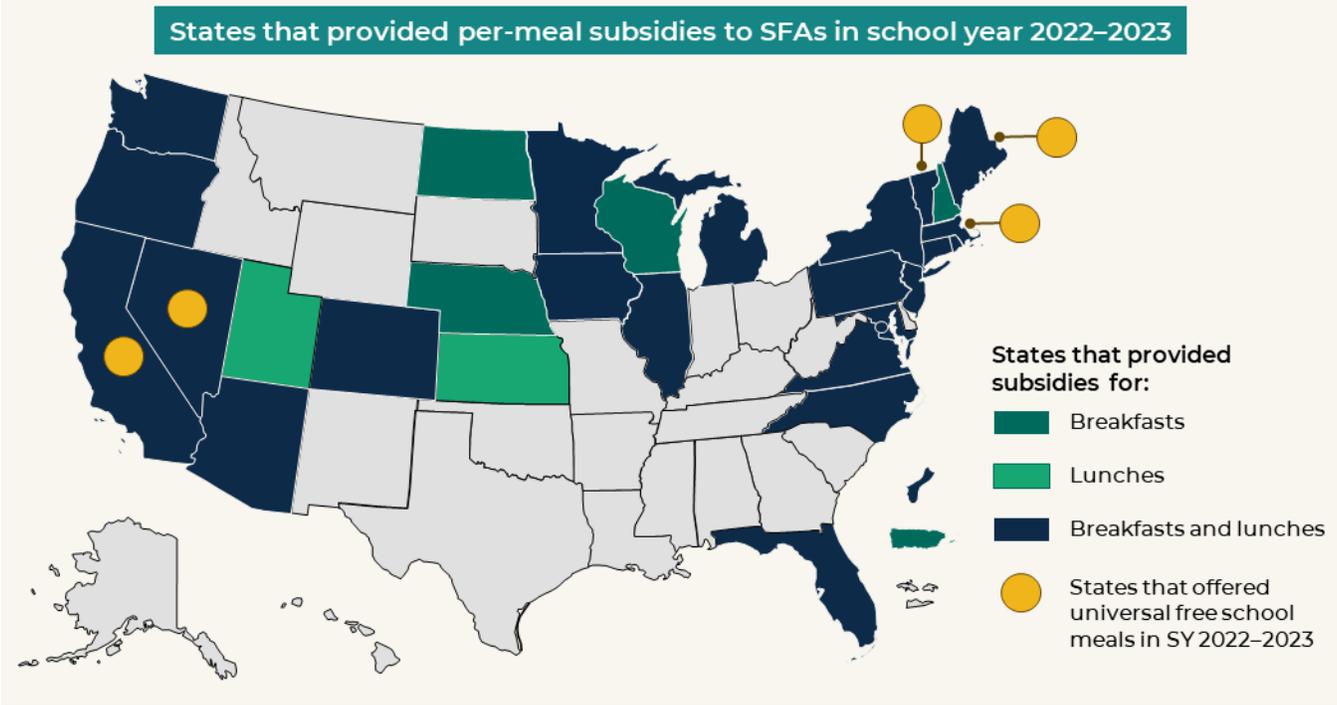


State subsidies to SFAs

Although all States must contribute a minimum level of funding for the school meal programs, many States have enacted legislation to provide substantial funding ([FRAC 2023](#)).²⁶ For example, some States have subsidized reduced-price meals to make them free to families for several years. This practice is aimed at boosting meal participation and making school meals attainable for families with lower incomes who do not qualify for free school meals. It costs States less than it would to offer free meals to all students ([Share Our Strength 2023](#)).²⁷ We asked State agencies if they provided subsidies to SFAs for breakfast and for lunch in SY 2022–2023, and (1) whether the subsidies enabled States to offer universal free school meals; and (2) were per-meal reimbursements based on the number of free, reduced-price, or paid meals, an annual lump sum, a supplement to cover specific costs, an amount based on a percentage of students from households with low incomes, or another type of subsidy.

About half of the 56 State agencies that administer the school meal programs provided subsidies to SFAs for school breakfasts (29 State agencies) and school lunches (26 State agencies). About one-third of State agencies provided per-meal reimbursements based on the number of reduced-price breakfasts or lunches; about 20 percent provided per-meal reimbursements based on the number of paid breakfasts or lunches; and about 15 percent

provided per-meal reimbursements based on the number of free breakfasts or lunches. Fewer States provided other types of subsidies. Notably, California, Maine, Massachusetts, Nevada, and Vermont funded universal free school meals.



About the data reported here

This study was sponsored by USDA FNS. The information reported in this brief was collected from two sources: (1) an online survey of all 56 State agencies that oversaw the National School Lunch Program (NSLP), School Breakfast Program (SBP), or Seamless Summer Option during SY 2022–2023, and (2) an online survey of a nationally representative sample of 1,100 SFAs that participated in NSLP or SBP during SY 2022–2023. The data tables are available in Supplement B.5, and include some data broken down by SFA characteristic (size, poverty level, and urbanicity).

Suggested citation

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Disclaimer

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