

# **School Nutrition Operations during the COVID-19 Pandemic**

*Testimony before the  
Joint Legislative Commission on Governmental Operations  
Subcommittee on the  
Use and Distribution of Federal COVID Funding*

**Dr. Lynn Harvey, RDN, LDN, FAND, SNS  
Director, School Nutrition Division  
District Operations Division**

# Four Key Areas

1. Effectiveness of School Nutrition in the various iterations since March 2020
2. How Federal assistance for School Nutrition has been allocated, disbursed and accounted for
3. How School Meal eligibility rules have changed
4. What DPI and local Public School Units (PSUs) are doing to prepare for the next school year and beyond in school nutrition funding and eligibility

*We are all in this together...for our students.*

# Effectiveness of School Nutrition Programs during the Pandemic

# Child Hunger in North Carolina



- NC is among the top 10 states for chronic hunger.
- Nearly 60% of students (860,000) enrolled in NC's public schools qualify for free or reduced-price meals.
- Approximately one in five or 22.4% of the nation's children live in food insecure households.
- Nearly 30% (27.6%) of children in North Carolina struggle with hunger.
- Many students struggle with hunger because they live in economically-distressed households, yet they do not qualify for meal benefits at school.

# North Carolina's School Nutrition Pandemic Response – A Success Story

- NC's School Nutrition Program is the 7<sup>th</sup> largest in the US
- While the School Nutrition Programs are for **ALL** students, more than 60% of students qualify for free or reduced-price meals
- Nearly 1 in 3 children in NC live in food-insecure households where chronic hunger is a serious problem
- Meals at school are not simply a convenience; for most students they are health and nutrition safety nets



# North Carolina's School Nutrition Pandemic Response – A Success Story

- Schools were closed to students; jobs lost to business closure; families and communities adversely impacted
- Threat of a secondary public health crisis (child hunger) was real
- Local School Nutrition Programs/Personnel provided **over 212 million meals to NC's most vulnerable, food-insecure children**
- DPI collaborated with NC DHHS to issue over **\$1.7 Billion** in COVID-related Pandemic-Electronic Benefits Transfer (P-EBT) issuance to students and children





**On March 16, 2020, the School Nutrition Program in NC transitioned from a school-based meal program to an Emergency Public Health Nutrition Program**

# Guiding Principles for Statewide Emergency Program Operations

(March 16, 2020 – August 24, 2021)

1. Provide meals to as many food-insecure vulnerable children as possible as part of the emergency public health response
2. Protect the safety, health and well-being of children, staff, families and communities by implementing social distancing, implementation of COVID protocols as directed by the NC Department of Health and Human Services and the Centers for Disease Control and Prevention, and
3. Operate programs in a manner that promotes overall program sustainability and integrity.





# School Meals...Before and After COVID

## Before – School Nutrition Program for *all students at school sites*

- Meals served in dining rooms during the school day
- Meals reimbursed by student eligibility (free, reduced-price, paid)
- Stringent nutrition standards required for all meals
- Breakfast, lunch and snacks were part of the instructional day
- PSUs must comply with all Federal regulations

## After – Emergency Public Health Nutrition Program for *all children in the community*

- Meals in non-congregate settings; often 7 days per week
- Parent curbside pickup
- Meals delivered to children in economically-distressed communities
- Meals shipped by public carrier to rural, hard-to-reach households
- 106 Federal Waivers to allow optimal flexibility and maximum reimbursement

# Snapshot of Emergency Public Health Nutrition Program under special Waiver Provisions

- Grab-and-Go Meals
- Curbside Pick-up
- Meal delivery by Yellow School Bus
- Meals delivered for weekends
- Many school staff providing meals
- NC National Guard lending support
- Community Organizations engaged
  - Food Banks
  - Boys and Girls Clubs
  - YMCAs
  - Faith-based communities



# USDA Waivers were critical (and remain critical) to sustain operations

- ✓ Non-congregate meals
  - Meal distribution/delivery
  - Parent pick-up
  - Nutrition-hubs in rural communities
  - Meals shipped to rural hard-to-reach households
  - Meals for multiple days in one delivery/pick-up
- ✓ Meals at no cost **to ALL CHILDREN** (age 18 and under)
- ✓ Nutrition standards and meal pattern requirements waived based on availability of products
- ✓ Program accountability and integrity measures were **NOT** waived
- ✓ DPI conducted desk audits of meal counting/claiming activities

# Early Challenges

- Staff shortages
- Transition to pre-packaged products – more costly
- Transition to meal distribution/delivery
- Equipment not conducive to meal delivery
- Shortage of supplies for meal delivery
- Reduction in meal counts led to a reduction in Federal reimbursement
- Loss of student “paid meals,” adult meals and supplemental sales
- Insufficient funds at the PSU level – revenues less than half of pre-pandemic level and threatening pandemic operations

# DPI’s Response

- Communicating with PSUs weekly/daily
- Monitoring needs and finances
- Early concern of insufficient funds to support emergency operations
- Increased frequency of claims (weekly)
- Transitioned all school-based programs to earn maximum Federal reimbursement (Summer Food Service Program)
- Approved advances of federal funds to LEAs
- Collaborated with stakeholders to make emergency grants available
- Requested State funding assistance to support pandemic operations

# How School Meal eligibility rules have changed

# School Meal Eligibility rules have not changed

USDA Waivers continue to permit meals served to all children at no cost to the child or family

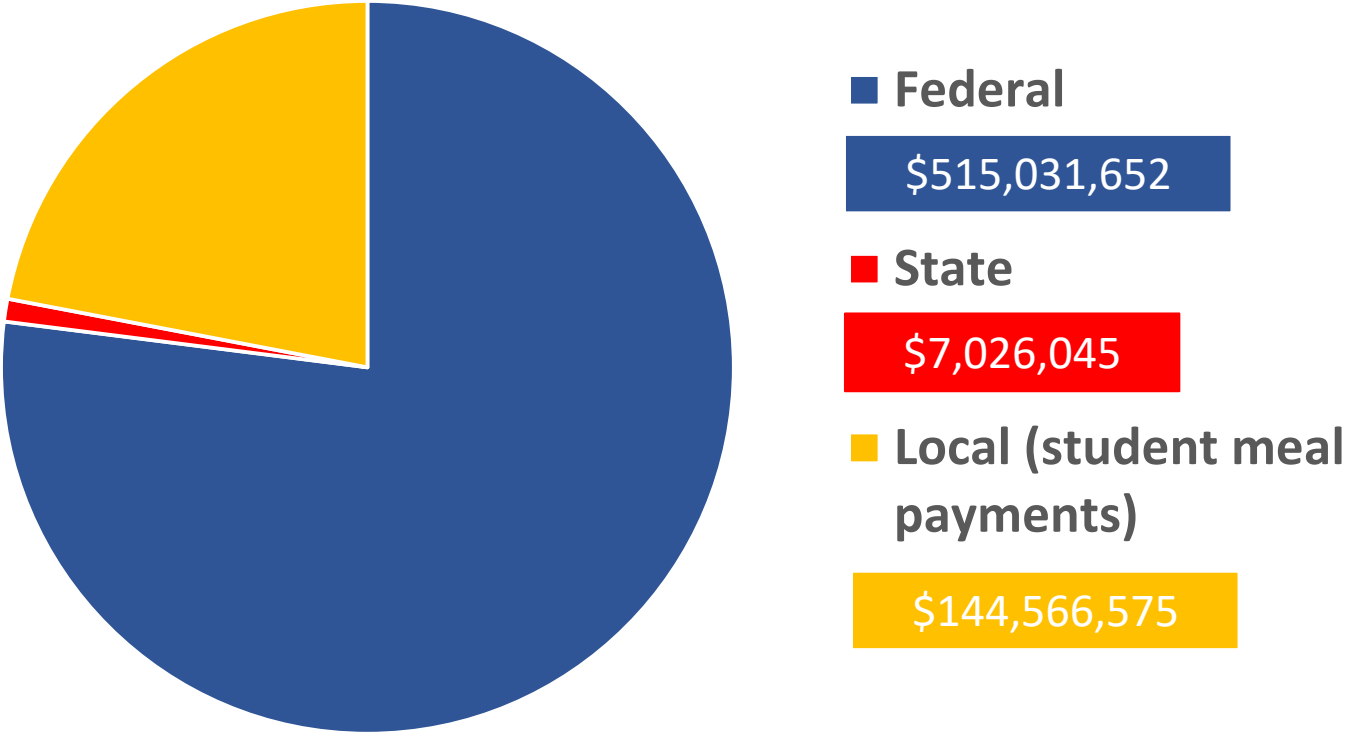
Meal eligibility status is determined by:

- Household income application approved at the PSU level
- Direct Certification of Students based on FNS (SNAP) benefits
- Categorical Eligibility of Students (Homeless, Migrant, Foster, Headstart)
- Enrollment in a school that participates in the Community Eligibility Provision (CEP)

School Meal Eligibility status is used **ONLY** to support issuance of Pandemic – Electronic Benefits Transfer (P-EBT) food assistance

# How NC allocated, disbursed and accounted for Federal assistance to School Nutrition

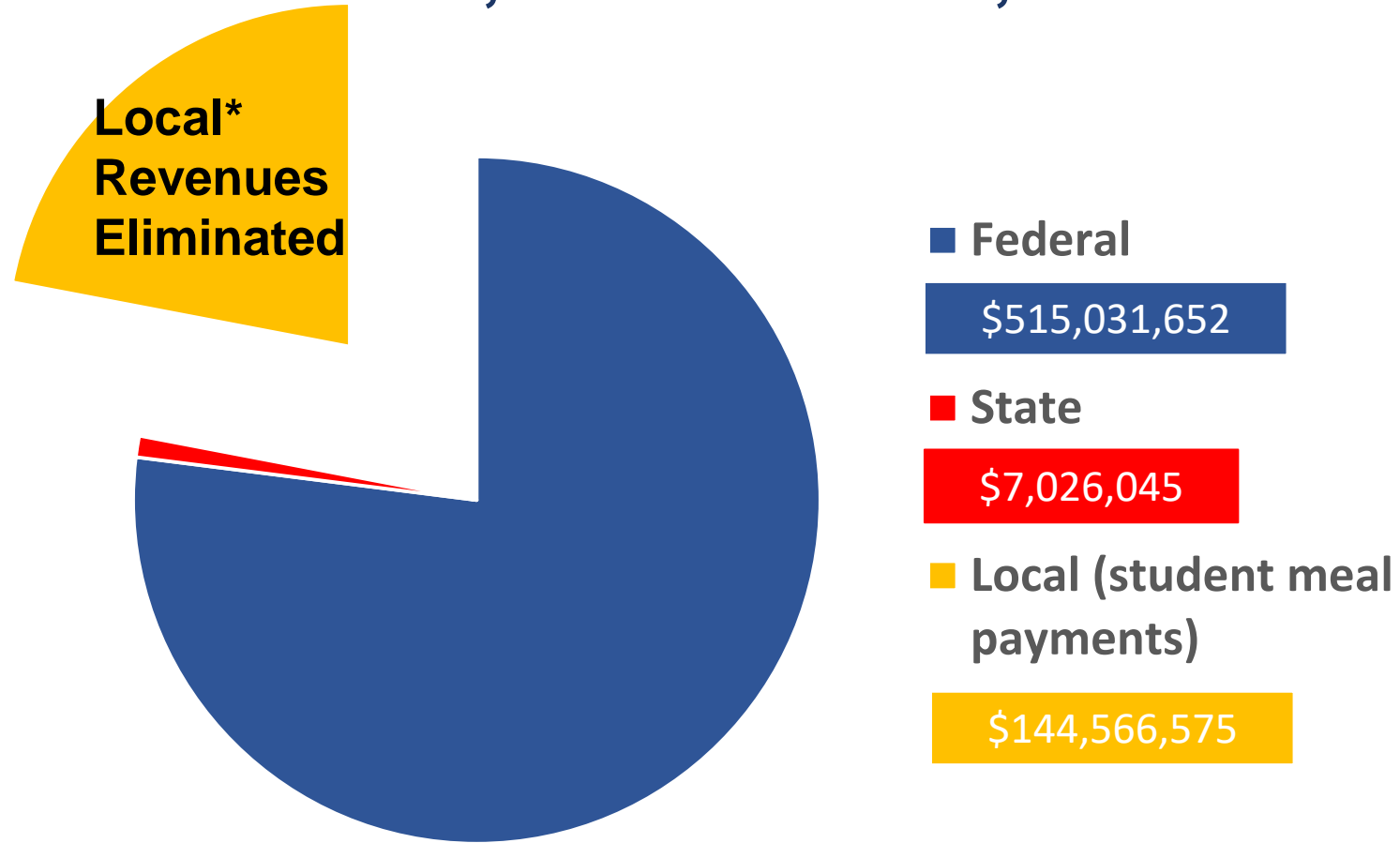
# Pre- COVID Funding for School Nutrition Programs





# Funding for School Nutrition Programs

## March 16, 2020 – June 1, 2020



\*Estimated shortfall in revenues was \$7Million per Week

# NCGA appropriated \$75M in Coronavirus Relief Funds (CRF) to School Nutrition

- Funds were allotted in accordance with the statute and distributed to PSUs as quickly as possible (Allotment were allotted based on the same proportion of funds as if the districts were reimbursed by
  - School meal receipts (local payments)
  - Federal funds
- Significant limitations on Use – Federal funds to be used in a program that is largely Federally supported
- NC Pandemic Recovery Office was instrumental in clearing the path for funds to be used for School Nutrition Purposes
- **Key challenge:** PSUs could only use funds for atypical purposes, unless expenditures exceeded the Federal School Nutrition Reimbursement.

# Limitations on Use of CRF Funds for School Nutrition purposes

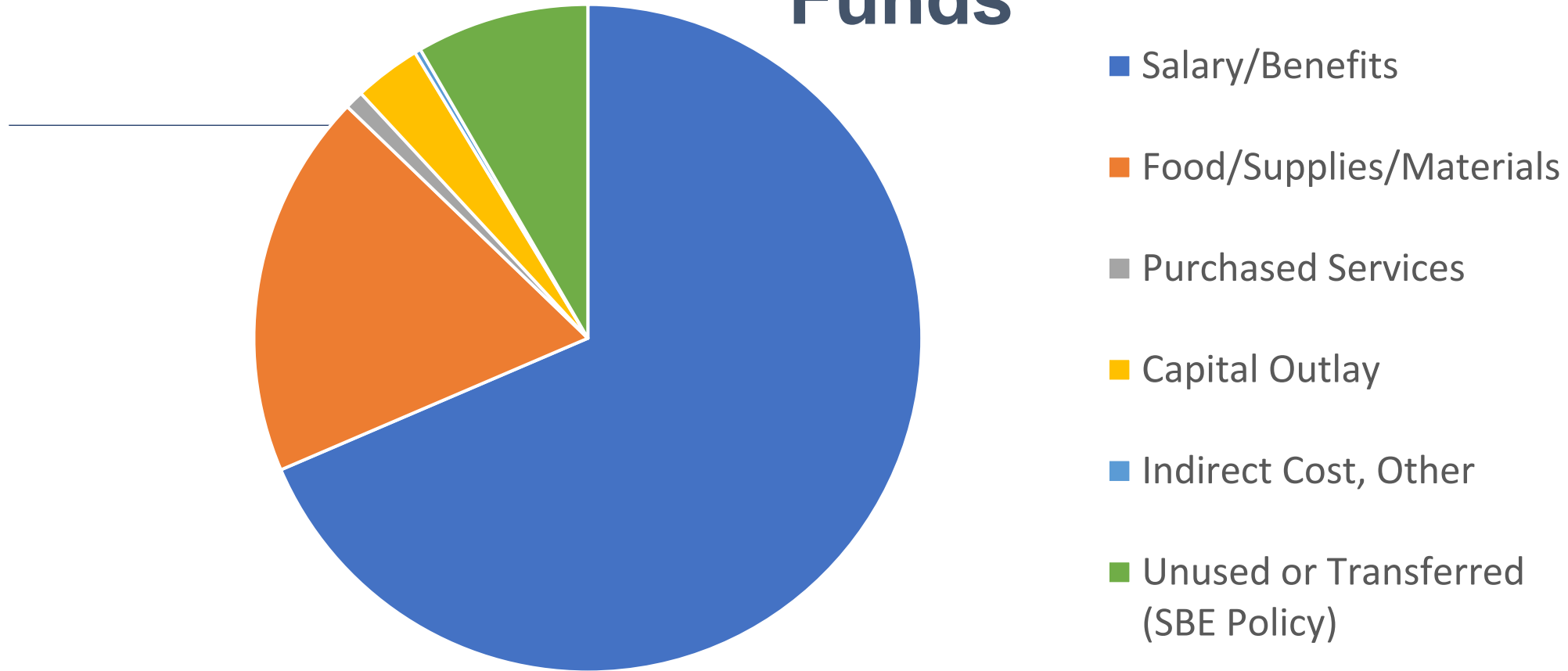
## Typical SN Expenses

- ✓ Salaries/benefits for SN personnel who actually worked and are substantially dedicated to COVID-19 activities (50% of time/effort)
- ✓ Food
- ✓ Food processing supplies
- ✓ Equipment
- ✓ Contracted Services
- ✓ Travel Reimbursement
- ✓ Other (in PRC 035)

## Atypical SN Expenses

- ✓ Transportation costs for use of yellow school buses to deliver meals to children (salaries/benefits of drivers, technicians, fuel, oil, etc.)
- ✓ Other School staff (IAs, SROs, custodial staff, administrative staff, etc.) who were substantially dedicated to working in the emergency public health nutrition program

# USE of \$75M in Coronavirus Relief Funds\*\*

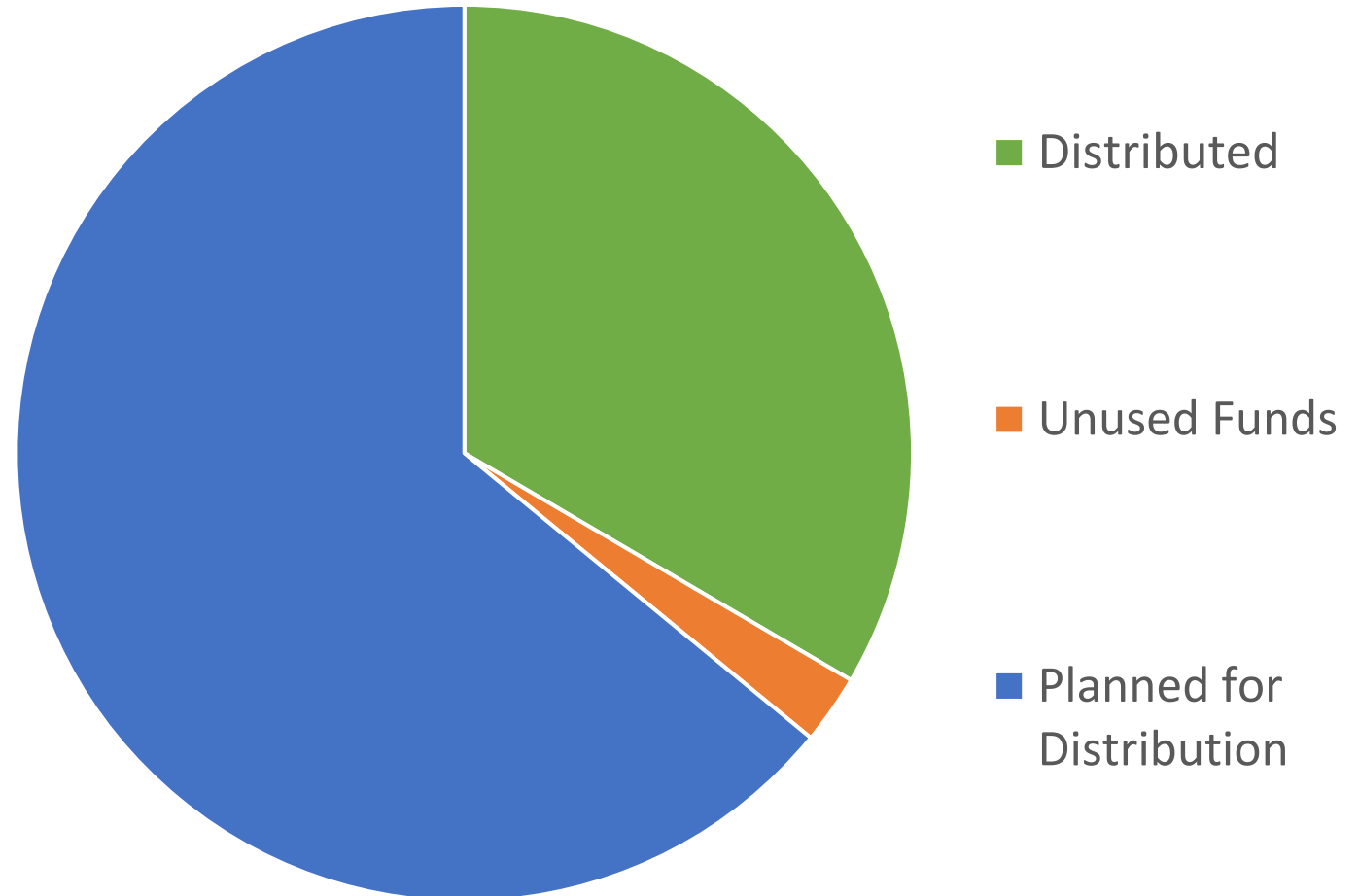


\*\*In accordance with the Division's approved Monitoring Plan, funds were accounted for through Desk Audits of 100% of typical expenditures and desk or virtual audits of 10% of atypical expenditures.

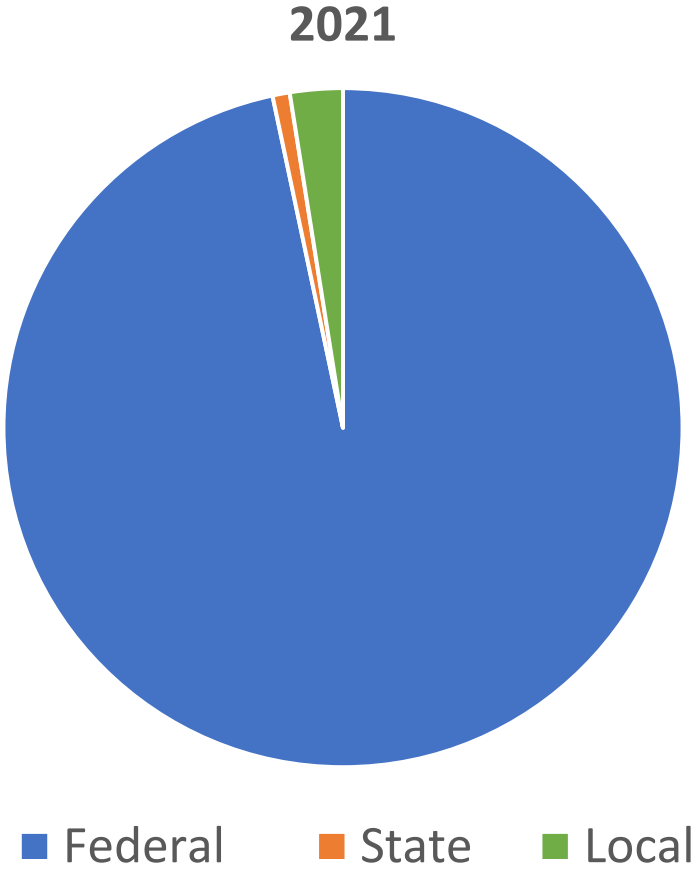
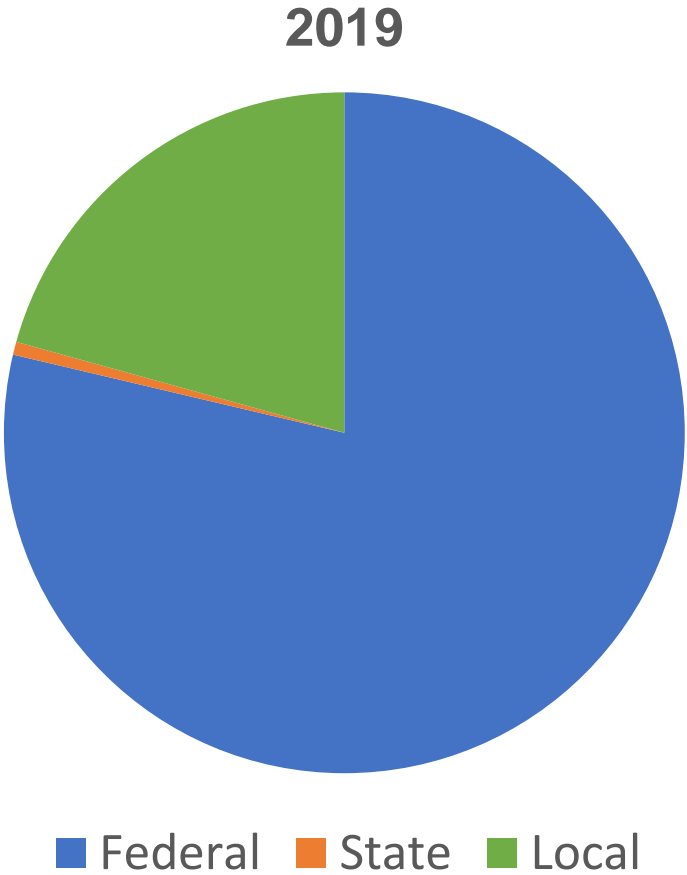
# \$10 Million in ESSER II Funds

- SBE voted unanimously to approve funds for School Nutrition Recruitment and Retention given staff shortages as high as 27% in some LEAs.
- Funds were allocated based on ADM
- ESSER requirements implemented (performance measures, local policies, reporting and monitoring)

Use of ESSER II Funds for  
December 31, 2021



# Other Sources of School Nutrition Revenue



# Participation – the foundation of the School Nutrition Program

Meal Type	SY 18-19	SY 19-20	SY 20-21	SY 21-22 (through December)
<b>Breakfast</b>	<b>72,332,860</b>	<b>77,705,857</b>	<b>55,638,232</b>	<b>36,478,350</b>
<b>Lunch</b>	<b>134,828,831</b>	<b>119,911,282</b>	<b>64,618,934</b>	<b>61,664,649</b>

% Served by Category	SY 18-19	SY 19-20	SY 20 -21
<b>Free</b>	<b>74%</b>	<b>73%</b>	<b>100%</b>
<b>Reduced</b>	<b>5%</b>	<b>5%</b>	<b>0%</b>
<b>Paid</b>	<b>21%</b>	<b>22%</b>	<b>0%</b>

# Federal Reimbursement Rates

## Federal Reimbursement

Meal Type	July 2018 – June 2019			July 2019 – March 2020			April 2020 - June 2020	July 2020- December 2020	January 2021 - June 2021
	Free	Reduced	Paid	Free	Reduced	Paid	SFSP	SFSP	SFSP
Break-fast	\$2.14	\$1.84	\$0.31	\$2.20	\$1.90	\$ 0.31	\$ 2.3750	\$2.3750	\$2.4625
Lunch	\$3.39	\$ 2.99	\$0.39	\$3.50	\$3.10	\$0.41	\$ 4.1525	\$4.1525	\$4.3175
Snack	\$0.91	\$0.45	\$0.08	\$0.94	\$0.47	\$0.08	\$ 0.9775	\$0.9775	\$1.0200



# Costs have increased in every area of operation:

**Cost to produce a meal  
(per meal equivalent):**

**SY 18 – 19 \$3.74**

**SY 19 – 20 \$3.99**

**SY 20 – 21 \$5.67**

## Various Categories of Cost

- Food Costs
- Food Production Supplies
- Food Processing
- Delivery Costs
- Labor (Salaries/Benefits)
- Equipment
- PPE
- Other



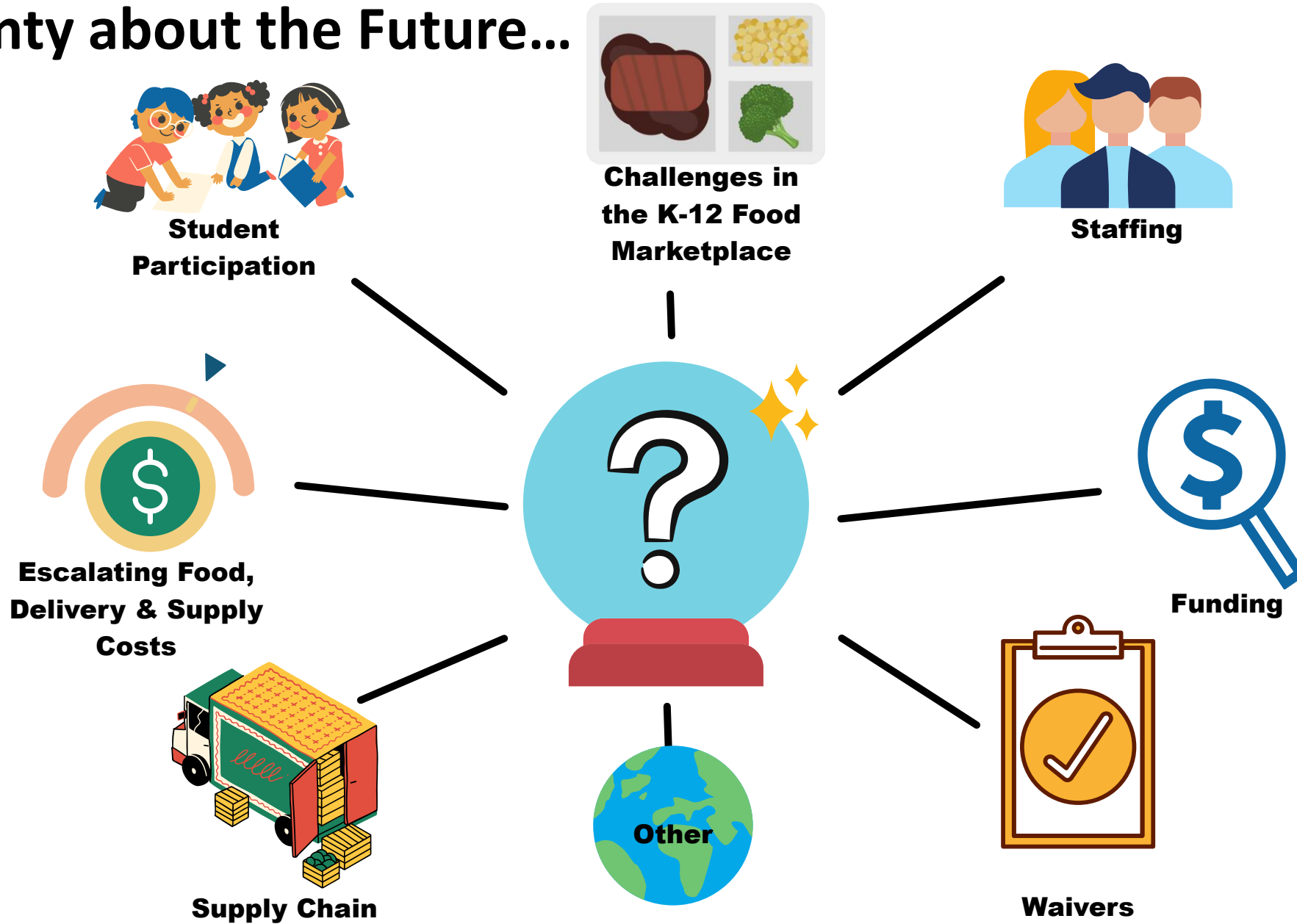
# What DPI and local PSUs are doing to prepare for next school year and beyond in School Nutrition funding and eligibility

# Guiding Principles – Transition to Meals at School

(August 24, 2021 – beyond)

1. Transition to support on-site instruction and nutritious, appealing school meals to all students, while addressing the needs of distance learners and other children in the community who are food-insecure within the human and financial resources available;
2. Support the physical, mental, social and emotional health and well-being of children, staff, families and communities by implementing appropriate COVID protocols;
3. Operate programs in a manner that promotes overall program sustainability and integrity;
4. Communicate with stakeholders about challenges and opportunities in providing school meals; and
5. Use our collective voices to transform school meals to reflect new and emerging education and nutrition priorities.

# Uncertainty about the Future...



# Your support is critical to the future

Returning to pre-pandemic “business as usual” will be catastrophic for these programs

## Possible Options:

- ✓ Consider a letter to NC’s Congressional Delegation asking for the Waivers to be extended and maximum federal reimbursement funds to continue into the next school year and possibly beyond
- ✓ Consider State funding to support the School Nutrition Program
  - ✓ Per meal supplement
  - ✓ Provide funding for meals at no cost to students in elementary schools (Polaris Goal)
  - ✓ Provide funding to support staff salaries/benefits consistent with legislation

***Thank you for your support of school nutrition programs, personnel and the children they serve.***

***Our mission is to Nourish Students' bodies, minds and souls to enable them to achieve their best at school and in life.***

# Community Eligibility Provision (CEP)

CEP is a universal meal plan under the **NSLP** that permits eligible districts and schools to provide meals to all students at no charge to the student regardless of economic status.

## Participating Schools/Districts:

- ✓ Required to provide breakfast and lunch
- ✓ Prohibited from collecting household applications
- ✓ Required to establish an ***Identified Student Percentage (ISP)*** based on April 1 data
- ✓ Must claim reimbursement based on  $ISP \times USDA$  factor
- ✓ Must cover any additional costs from non-Federal funds

# Identified Student Percentage (ISP)\*

Percent of students Directly Certified and Categorically Eligible for Free meal benefits.

Examples: Three NC Schools

1,000 ADM with 400 DC + 300 CE = 70% **ISP**

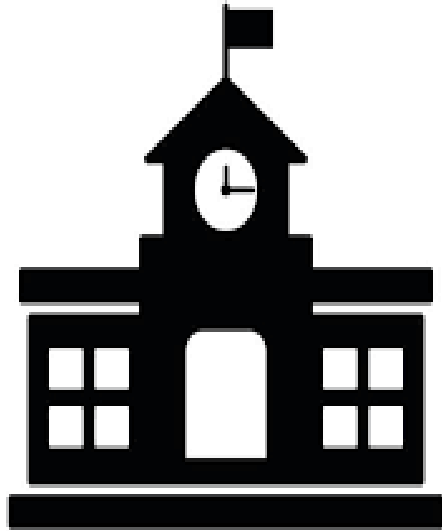
1,000 ADM with 250 DC + 275 CE = 52.5% **ISP**

1,000 ADM with 150 DC + 250 CE = 40% **ISP**

**\*NOTE: The ISP is NOT the SAME as the percentage of students eligible for F/RP meals.**



# CEP and Reimbursement ISP and the USDA Multiplier Effect (1.6)



## School A

500 meals = **\$1,750.00**

1,000 ADM

400 students Directly Certified

300 students Categorically Eligible

700

$700 / 1,000 =$  ISP of .70 or 70%

$.70 \times 1.6$  (USDA Factor) = 112%

ALL meals reimbursed at the **FREE** rate of  
**\$3.50**

# CEP and Reimbursement - ISP and the USDA Multiplier Effect (1.6)



**School B**

500 meals = **\$1,502.80**

1,000 ADM

250 students Directly Certified

270 students Categorically Eligible

525

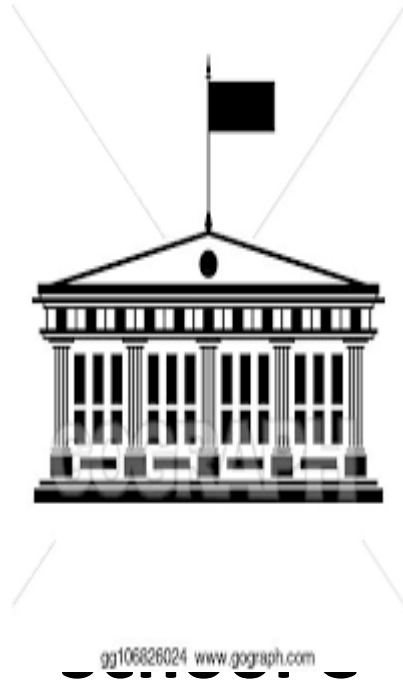
$525 / 1,000 =$  ISP of .525 or 52.5%

$.525 \times 1.6$  (USDA Factor) = .84 or 84%

**84%** of meals reimbursed at the **FREE** rate of \$3.50=  
(420 x \$3.50 = \$1,470)

**16%** of meals reimbursed at the **PAID** rate of \$0.41 = (80  
x \$ .41 = \$32.80)

# CEP and Reimbursement - ISP and the USDA Multiplier Effect (1.6)



500 meals = **\$1,193.80**

1,000 ADM

150 students Directly Certified

250 students Categorically Eligible

400

$400 / 1,000 =$  ISP of .40 or 40%

$.40 \times 1.6$  (USDA Factor) = .64 or 64%

**64%** of meals reimbursed at the **FREE** rate of \$3.50 =  $(320 \times \$3.50 = \$1,120)$

**36%** of meals reimbursed at the **PAID** rate of \$0.41 =  $(180 \times \$0.41 = \$73.80)$

**An ISP of 62.5% is the “break even” point for the CEP.**

# School/District Participation in the CEP

	District-wide		Partial		Total	
School Year	Districts	Schools	Districts	Schools	Districts	Schools
<b>SY 19 – 20</b>	<b>57</b>	<b>299</b>	<b>47</b>	<b>648</b>	<b>104</b>	<b>947</b>
<b>SY 18 – 19</b>	<b>51</b>	<b>266</b>	<b>52</b>	<b>616</b>	<b>102</b>	<b>882</b>
<b>SY 17 – 18</b>	<b>52</b>	<b>258</b>	<b>50</b>	<b>654</b>	<b>102</b>	<b>912</b>
<b>SY 16 – 17</b>	<b>50</b>	<b>284</b>	<b>47</b>	<b>544</b>	<b>97</b>	<b>828</b>
<b>SY 15 – 16</b>	<b>48</b>	<b>216</b>	<b>45</b>	<b>526</b>	<b>83</b>	<b>742</b>
<b>SY14 – 15</b>	<b>32</b>	<b>208</b>	<b>36</b>	<b>444</b>	<b>68</b>	<b>652</b>