



Time to Digest: How School Breakfast & Lunch are Funded in Colorado

*A brief on Colorado's Healthy School Meals for All
and the Community Eligibility Provision*

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Issue Overview

Colorado's [Healthy School Meals for All](#) program is a **universal school meals program that means every child in Colorado public schools has access to free breakfast and/or lunch**. The program was approved by voters in 2022, and since being implemented in the 2023 - 2024 school year, it has seen immense success.

- 100% of eligible school districts opted in to the program.
- Meal participation has increased significantly across both school breakfast and lunch.



The program has been successful with participation, and the Colorado Department of Education (CDE) is projecting a significant, ongoing funding shortfall. This shortfall is due to a combination of factors:

1. **Participation in the program is much higher** than the original ballot measure accounted for.
2. **Revenue for the program is lower than anticipated** through the state tax mechanism passed to fund Healthy School Meals for All and its included grant programs.

The Colorado Blueprint to End Hunger is [working towards to a Healthy School Meals for All that Coloradans can count on](#). And an important part of finding solutions is **understanding how school meals are administered and funded**.

The U.S. Department of Agriculture (USDA) administers the National School Lunch Program and School Breakfast Program at the federal level. CDE administers the school meal programs at the state level, including Healthy School Meals for All, with local school food authorities operating them in school districts and schools.

Dive into this brief to learn more about the way that our public schools provide school breakfast and lunch to students across the state.

Federal Meal Reimbursements vs. State Meal Reimbursements

Colorado's **Healthy School Meals for All (HSMA)** utilizes tax dollars to help cover the cost of school meals that federal reimbursements do not cover. In other states, the schools either cover the remaining cost themselves or families are required to pay out of pocket.

Understanding Community Eligibility Provision (CEP):

[Community Eligibility Provision](#) (CEP) is an option for sites (schools and/or school districts) in low-income areas. Schools enrolled in CEP are required to serve both breakfast and lunch at no cost to all enrolled students, without having to require household benefit applications.

In Colorado, both CEP and non-CEP schools are eligible to participate in HSMA, but if a school qualifies for CEP, they are REQUIRED to opt in to the program in order to use HSMA.



How does a school or district become CEP eligible?

If there are enough eligible students, a school district can opt in to CEP. If there are not enough eligible students within a district, but a single school has enough eligible students, then a school may opt in to CEP on their own.

Previously, a school or district needed at least 40% of students to qualify for free or reduced-price lunch through the direct certification program (students whose families are receiving federal aid) to be eligible for CEP. However, eligibility requirements changed in 2023 allowing schools to opt in to CEP if at least 25% of their students qualify for free or reduced-price lunch through the direct certification count.

What students are counted towards CEP?

If a family is enrolled in a federal assistance program such as SNAP (Supplemental Nutrition Assistance Program), FDPIR (Food Distribution Program on Indian Reservations), TANF (Temporary Assistance for Needy Families), or **Medicaid** ([as of Fall 2023](#)), they do not have to complete the benefit application because they will automatically be counted by their school.

Data is shared between federal programs and schools so families do not have to report if they are participating in any federal programs to their school; it is done for them.

CEP eliminates the need for schools to collect household income applications by sharing eligibility data between specific federal assistance programs, **which can reduce the administrative burden for both schools and families**. Families may complete household benefit forms for a CEP school; however, form completion will not count toward a school's federal meal reimbursement, but it will benefit the family in other ways.

What happens to schools who do not opt in to CEP or are not CEP eligible?

Schools who are **NOT** eligible for CEP can still use direct certifications for federal reimbursements. However, these schools count the direct certification percentage **plus** completed and eligible household benefit forms for federal reimbursements. Also, non-CEP schools are not required to offer breakfast to their students. In order to save on costs, these schools might offer lunch only.

Schools who are eligible for CEP (with a minimum of 25% of students being directly certified) **MUST** opt in to CEP if they want to participate in HSMA. If a CEP-eligible school decides not to opt in for the program, then they cannot participate in HSMA.

Understanding Identified Student Percentage (ISP):

Identified Student Percentage (ISP) determines the percentage of students identified per school who are eligible for free lunch based on the direct certification program. If 25% or more students at the school are enrolled in a federal assistance program, their school will be eligible to participate in CEP.



How are schools reimbursed for meals?

Schools who opt in to CEP are federally reimbursed based on a set formula by the USDA to help cover the cost of non-income eligible free students and identified free students. The formula multiplies the percentage of students eligible for free meals by a cofactor of 1.6.

For example, if a school has 40% ISP, it is then multiplied by 1.6 to determine what percentage of the meals will be fully reimbursed at the federal level at the “free” rate; the remaining percentage is not federally reimbursed and is considered “paid” meals.

40% ISP x 1.6 (cofactor) = 64% fully reimbursed meals

In this instance, 64% of the meals would be fully covered by the federal government through reimbursements. The remaining 36% has to be paid by the school or district. **Under HSMA, the State of Colorado is meant to cover that remaining 36% of meal cost.**

Non-CEP sites also use direct certification percentages for federal reimbursements but also count eligible free or reduced benefit applicants as well. Those who complete the benefit form may qualify for free lunch or a reduced-price meal. The free meals are fully reimbursed (100%) by the USDA, and the reduced meals are partially reimbursed (90%) by the USDA.

Under HSMA, non-CEP sites are reimbursed using traditional eligibility categories:

- Free (eligible benefit applications + direct certification),
- Reduced (benefit applications), and
- Paid (those who do not complete benefit applications or do not qualify).

All meals served to students qualifying for Free eligibility are reimbursed federally at the full reimbursement. Meals served to students in the Reduced and Paid categories are reimbursed partially using federal funds, and the gap between these federal reimbursement rates and the free reimbursement rate is covered by the State of Colorado.

For instance, if a non-CEP school had 23% direct certification, 10% Free lunch eligible based on benefit applications, and 5% are Reduced lunch eligible, then their federal reimbursement would be 38%.

23% at federal free rate + 10% at federal free rate (application) + 5% at federal reduced rate (application) = 38% reimbursed (5% of which is partially reimbursed)

Non-CEP schools do not have a multiplier. They are just reimbursed at the “free” federal rate or the federal “reduced” rate and the State of Colorado must cover anything remaining through paid meals, similar to CEP sites. **In this example, the State of Colorado is meant to cover the remaining 62% of meal cost under HSMA.**

Comparing Meal Reimbursement Formulas for CEP & non-CEP Schools



CEP Schools

% meals reimbursed at **federal free rate** = $ISP \times 1.6$

% meals not federally reimbursed (“paid” rate) = $100 - \% \text{ meals reimbursed at federal free rate above}$



Non-CEP Schools

% meals reimbursed at **federal free rate** = **Students eligible for free (applications + direct certification)**

% meals reimbursed at **federal reduced rate** = **Students eligible for reduced rate meals (applications only)**

% meals reimbursed at **federal paid rate** = $100 - \% \text{ meals reimbursed at federal free AND reduced rate}$

Understanding Household Benefit Applications:

Who should complete benefit forms?

Low-income households who are not already enrolled in a federal assistance program (Medicaid, FDPIR, SNAP, and TANF) should complete this form. Households who are unsure if their income would meet the eligibility should still complete the form since ineligibility does not impact the school or family.

Completion of the form **does not impact a family's status**, whether or not they are documented, and it does not jeopardize eligibility for other federal or state programs. The information collected is private and confidential.

Eligible or interested families **must complete the form each school year to retain benefits** due to eligibility.

Why complete benefit forms if it's not required for CEP schools?

The **household benefit forms are helpful to families**, whether or not their school is receiving federal meal reimbursements based on their completion.

- Families could be eligible for discounted internet services.
- Schools may receive state or federal funds that can be applied towards reducing class sizes, providing more technology and supplies for students, and other interventions.
- For high school students, colleges and universities will waive application fees.
- Fees are waived for other schools programs such as sports or other extracurriculars.
- Standardized test fees may be waived as well (AP classes, SAT, ACT, etc.).
- Families not enrolled in a federal program may also receive a direct certification into Colorado's new [Summer Electronic Benefits Transfer](#) (EBT) program, which begins summer 2024, if they have a completed benefit form and are eligible.



Where can families access household benefit forms?

Families should **reach out to their schools or districts directly** if they do not already have access to a benefit form.

Applications do vary by school district. If families have students attending schools in different districts, they may need to complete two different forms.

CEP schools may call it the “Combo Form,” but it is essentially the same as the household benefit form, previously known as the “Free and Reduced-Price Lunch Application.”