



## Policy Brief

# Healthy Universal School Meals: Taking Stock

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In the 2023 legislative session, the New Mexico Legislature unanimously passed Laws 2023, Chapter 30 (Senate Bill 4), Healthy Universal School Meals, also known as the “Hunger-Free Healthy Students’ Bill of Rights Act.” Governor Michelle Lujan Grisham signed the bill into law on March 27, 2023, and the legislation took effect on July 1, 2023.

The law directs the Public Education Department (PED) and school food authorities (SFAs) to expand free meals to all public school students enrolled in schools operating the School Breakfast Program and the National School Lunch Program. Under the Healthy Universal School Meals program, Tribally-controlled schools and private schools running federal school meal programs can also offer free meals to all students, regardless of their family income.

To better understand the state of implementation of the Healthy Universal School Meals program, LESC staff interviewed nutrition officials from eight geographically diverse SFAs to learn about its successes and challenges to date.

This brief provides an overview of participating SFAs, state and federal program requirements, feedback gathered from school districts and charter schools, and the program’s funding history and fiscal outlook. Finally, staff provide a budget recommendation for fiscal year 2026 (FY26).

## Participating School Food Authorities and the Reimbursement Process

For the 2024-2025 school year (SY25), 902 schools applied to participate in the Healthy Universal School Meals program. Only one school system, Pine Hill Schools, a Tribally-controlled school system on the Ramah Navajo Reservation, has opted out.

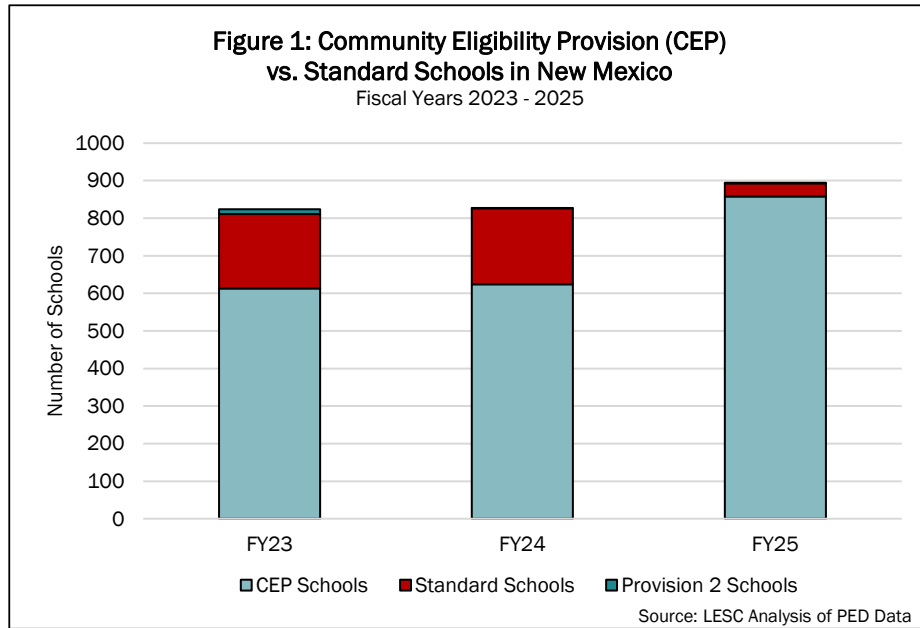
Ninety-five percent of all New Mexico schools participating in the Healthy Universal School Meals program in the 2024-2025 school year are designated as Community Eligibility Provision (CEP) schools. Under this federal program, all students in an SFA receive free meals regardless of family income, provided at least 25 percent of the student population is directly certified as eligible for free meals. In this case, no meal applications are collected to determine eligibility. In SY24, approximately 76 percent of SFAs were CEP-designated.

The remaining schools in New Mexico are either standard schools that collect meal applications annually or “Provision 2” schools that collect applications once every four years. Both these program options reimburse at different rates for paid, reduced-price, and free meals. Additionally, there are eight Residential Child Care Institutions (RCCIs) participating in the Healthy Universal School Meals program. All of these RCCIs have 100 percent of their meals reimbursed by the federal government at the free meal rate and therefore do not impact budget considerations for the state.

Program type (CEP, Provision 2, Standard) breakdowns for the past three fiscal years are shown in **Figure 1: Community Eligibility Provision vs. Standard Schools in New Mexico**, on the following page.

### Key Takeaways

- Ninety-five percent of all New Mexico schools participating in the program in the 2024-2025 school year are designated as Community Eligibility Provision (CEP) schools (*Page 1*).
- A greater number of CEP schools provides for a more stable estimate of federal reimbursement and ensures SFAs are maximizing federal reimbursement (*Page 3*).
- Two sets of regulations, one state and one federal, will impact the content of school meals served in New Mexico in the years ahead (*Page 4*).
- The Legislature could consider appropriating at least \$48 million in categorical funding for the Healthy Universal School Meals program in FY26 (*Page 7*).



The significant growth in the number of CEP schools in New Mexico is due, in part, to the U.S. Department of Agriculture’s (USDA) rule revision, which lowered the minimum identified student percentage (ISP) requirement from 40 percent to 25 percent in October 2023. Following this rule change, PED began an outreach campaign to transition newly eligible schools to CEP.

**Table 1: Federal School Meal Reimbursement Rates for Contiguous States**, below, displays the base federal reimbursement rates for schools depending on the level of student need.

**Table 1: Federal School Meal Reimbursement Rates  
for Contiguous States**

Effective from July 1, 2024, to June 30, 2025

National School Lunch Program (NSLP)				School Breakfast Program (SBP)		
Reimbursement Rate	Less than 60 percent*	60 percent or more	Maximum	Reimbursement Rate	Non-Severe Need	Severe Need**
Paid	\$0.42	\$0.44	\$0.50	Paid	\$0.39	\$0.39
Reduced	\$4.03	\$4.05	\$4.20	Reduced	\$2.07	\$2.54
Free	\$4.43	\$4.45	\$4.60	Free	\$2.37	\$2.84

\*Reimbursement rates for NSLP are determined by whether greater or less than 60 percent of a school's students receive free or reduced price meals.

\*\* Severe Need is defined as 40 percent or more of a school's students qualifying for free or reduced price meals.

Source: USDA

Under CEP, school meal applications are eliminated. Instead, student eligibility for free meals is directly certified via confirmation of inclusion in one of the following programs or categories:

- Supplemental Nutrition Assistance Program (SNAP);
- Food Distribution Program on Indian Reservations (FDPIR);

- Head Start;
- Homeless, Foster, or Migrant Children;
- Medicaid; and
- Temporary Assistance for Needy Families (TANF).

Once a school is designated as CEP, the percentage of meals reimbursed at the free rate is determined by the below formula:

$$\text{Percentage of Meals Reimbursed at Free Rate} = (\text{Identified Student Percentage})(1.6)$$

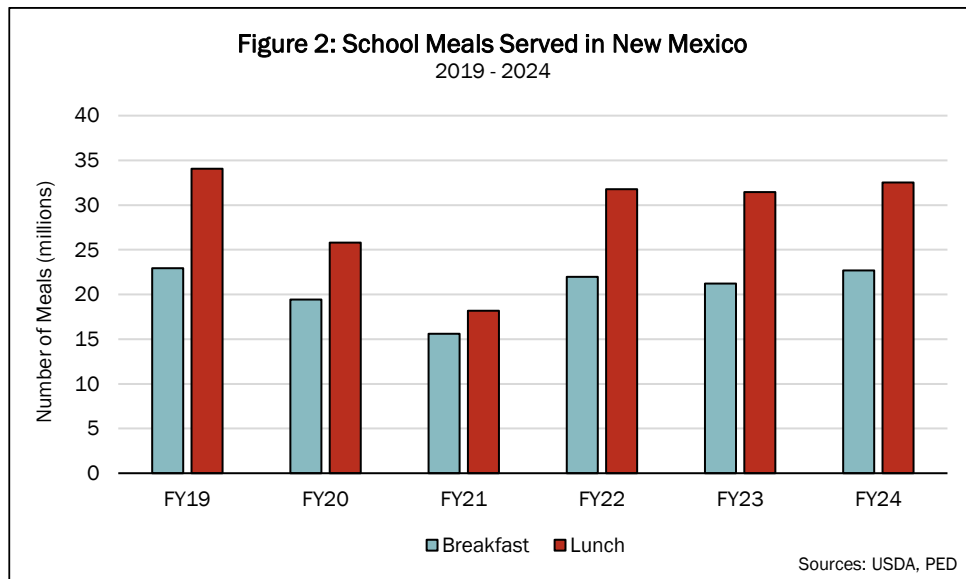
The remaining percentage of meals are reimbursed at the federal paid rate. There is no reduced-price category under CEP.

Under New Mexico’s Healthy Universal School Meals program, the state is responsible for reimbursing SFAs for any outstanding costs after the determination of federal reimbursement.

For state budgeting, a greater number of CEP schools provides a more stable estimate of federal reimbursement and ensures SFAs maximize federal reimbursement. Instead of relying on SFAs and families to request and submit school meal applications, the reimbursement percentages for free and paid meals are set formulaically.

## School Meals Served in Recent Years

**Chart 2: School Meals Served in New Mexico**, below, shows trends over time in total school breakfasts and lunches served in New Mexico from FY19 to FY24.



In FY19, nearly 23 million breakfasts were served in New Mexico schools, while just over 34 million lunches were served. In FY20 and FY21, Covid-19 related school closures resulted in a sharp and dramatic decline in both served breakfast and lunch counts.

Following the return of students to school buildings in FY22, New Mexico data shows a gradual increase in meals served. While total breakfasts (22.7 million) and lunches (32.5 million) served in FY24 (the first year of Healthy

Universal School Meals) remain below pre-pandemic levels, meal counts are slowly rising across the state despite declining enrollment in schools.

## Meal Quality Improvements and USDA Nutrition Requirements

Two sets of regulations, one state and one federal, will impact the content and quality of school meals served in New Mexico in the years ahead.

### PED Meal Quality Improvement Requirements

In April 2024, PED released a proposed rule to establish meal quality improvement requirements for all schools participating in the Healthy Universal School Meals program. Following public comment, PED finalized this rule in September 2024.

The rule establishes parameters with which SFAs must comply to receive full reimbursement from the state for any meal costs not covered by federal funding. SFAs found to be non-compliant by July 1 of each year will receive state funding equivalent to their total number of meals served multiplied by only the paid meal rate.

A full review of the adopted rule was produced by LESC staff following publication in September 2024.

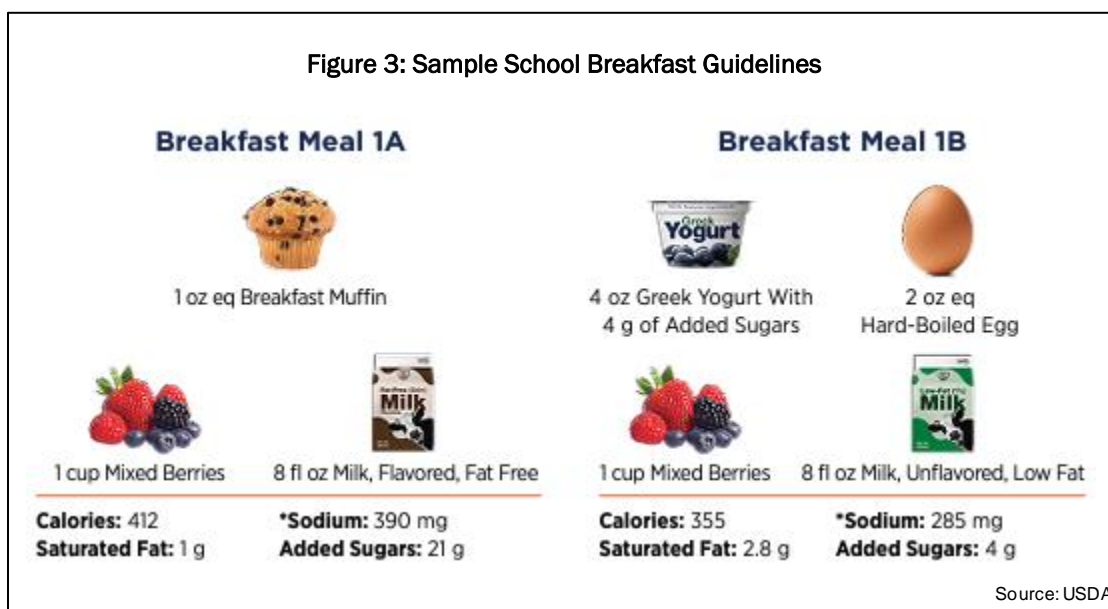
### Updated USDA Nutrition Requirements

The USDA is the agency charged with administering the federal School Breakfast Program and the National School Lunch Program. As part of this oversight role, USDA sets nutrition requirements for meals served in school meal programs.

In April 2024, USDA released a [finalized rule](#) updating nutrition requirements to bring them in line with the [2020-2025 Dietary Guidelines for Americans](#).

Beginning with SY28, no more than 10 percent of calories in school meals each week may come from added sugars. Individual items will also have sugar limits.

To comply with the new federal nutritional requirements, schools will need to reduce sodium levels in lunches by 15 percent and 10 percent in breakfasts. **Figure 3: Sample School Breakfast Guidelines**, shown below, from [USDA](#) provides an example of how SFAs could reduce added sugars and sodium in a school breakfast.



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Adoption of some of the new requirements will begin as early as fall 2025. For example, new USDA sugar limits for breakfast cereals (no more than six grams of added sugar per dry ounce) and yogurt (no more than two grams of added sugar per ounce) will take effect ahead of the 2025-2026 school year.

## Review of Feedback from School Food Authorities

LESC staff spoke with eight SFAs representing a cross-section of the diverse educational contexts in New Mexico:

- Alamogordo Public Schools;
- Central Consolidated School District;
- Farmington Municipal Schools;
- Gadsden Independent School District;
- Monte del Sol Charter School (Santa Fe);
- Reserve Independent Schools;
- Rio Rancho Public Schools; and
- Roswell Independent School District.

Students' needs vary across New Mexico, making SFAs' Healthy Universal School Meals implementation experiences just as diverse. However, the qualitative analysis below draws out common themes shared by nutrition officials throughout the engagement process.

### Staffing and Capacity Challenges

The Healthy Universal School Meals program's requirement that significant portions of school meals be freshly prepared and made from scratch has created or exacerbated school capacity and staffing challenges.

Many SFAs have centralized kitchen facilities and then transport meals to individual schools, making it challenging to provide freshly prepared meals to students. Others have reported a lack of square footage to expand operations to account for increased demand. As a result, despite state grant funding offering support for infrastructure and equipment improvements, some SFAs cannot fully use this resource.

School nutrition staffing has been a persistent struggle for schools in New Mexico since the Covid-19 pandemic. SFA officials cited low pay and part-time status as key barriers to full staffing. Scratch cooking also requires additional professional development for nutrition staff to ensure meal preparation complies with requirements.

### Feedback from Students and Parents

SFA leadership reported broad satisfaction with the quality of meals being served. According to those interviewed, families expressed enthusiasm for the program due to the reduced burden on their personal finances, particularly considering high grocery prices.

In general, SFAs indicated students were noticing an improvement in meal quality. For example, in Roswell, students commented to staff about the noticeable difference in beef quality since the district began using meat sourced from Roswell-based USA Beef Packing. Several SFAs interviewed by LESC staff were in the process of conducting surveys to gauge student perspectives on the meals being offered during the school day.

While overall feedback about meals under the HUSM program has been positive, SFAs did note that updated USDA nutrition standards for sodium content have eliminated the use of many seasonings. As a result, students have described some of the meals offered as bland. Additionally, SFAs reported some resistance to whole-grain tortillas and unprocessed foods due to unfamiliarity.

The need to balance student food preferences with state and federal meal quality and nutrition standards has made food waste reduction a challenge. While some SFAs said students ate most of the items on their plates, others noted that even if healthy items are provided, some students will not eat them. Many SFAs outlined plans

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to launch proactive nutrition education outreach campaigns to help students understand why certain menu items are included.

## **Challenges of Sourcing Local Ingredients**

All SFAs interviewed expressed support for leveraging local ingredients in school meals but emphasized the logistical challenges associated with this task. SFAs in more arid climates will likely have limited access to locally produced fruits and vegetables. Locally sourced ingredients are also more expensive than those bought through a vendor.

## **Insufficient Time for Students to Eat**

Several nutrition officials said students often felt rushed to finish their lunches on time, creating an increased risk of food waste and students going hungry. SFA officials pointed to kindergarten through fifth grade (K-5) seat time requirements as an administrative decision outside the purview of school nutrition staff.

Multiple nutrition officials said school administrators had expressed resistance to increasing seat time for lunch, citing challenges with providing sufficient learning time. PED's adopted rule for universal meals requires K-5 students have up to 20 minutes of seat time for lunch. In schools with meal periods lasting longer than 20 minutes already, officials questioned whether the rule would mean less seat time for students.

## **Support from PED**

Each of the eight SFAs interviewed by LESC staff praised the technical knowledge and responsiveness of PED's Student Success and Wellness Bureau staff, repeatedly describing the relationship between the bureau and SFAs as a partnership. SFAs undergoing the transition to CEP reported bureau staff had set aside time to discuss program options for each school in the SFA and collaboratively determine next steps.

## **Continued Support is Needed**

In every conversation with SFAs, LESC staff heard a unified message: give this program a chance. While SFA officials anticipate implementation hurdles as the state moves forward, they repeatedly urged the state to maintain its commitment to the Healthy Universal School Meals program through sustained funding and technical support. Officials pointed to reduced stigma around free lunch eligibility, refocusing the school nutrition staff's role to feeding students rather than recovering meal debt, improved attendance, and a more positive school climate as observed benefits of the program.

Nutrition officials said that while it may take time to see academic growth and sustained improvement in attendance because of universal meals, they believe these results will be realized if the program is given the support it needs to help schools feed all of New Mexico's students.

## **Funding History and Fiscal Outlook**

### **Program Funding History**

Appropriate funding for the Healthy Universal School Meals program has been a challenge. In the 2023 legislative session, the Legislature appropriated \$22.5 million to PED for the Healthy Universal Schools Meal program for use in FY24. However, cost projections from PED following implementation indicated this funding amount was approximately \$15 million below what was needed.

During the 2024 legislative session, lawmakers appropriated an additional \$19.9 million to address the program's FY24 shortfall. At the same time, the Legislature appropriated \$41 million to PED for the Healthy Universal Schools Meal program for use in FY25.

In January 2024, PED projections for the annual program cost amounted to \$42.16 million for FY25. Through May 2024, actual reimbursement claims submitted by SFAs to PED reached about \$43.5 million.

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## FY26 Funding Projection

A cost model developed by LESC staff projects a total Healthy Universal School Meals program cost of at least \$48 million for FY26, depending on participation increases. LESC staff will work with PED to reconcile cost projection differences ahead of the 2025 legislative session.

The following assumptions were used to develop this funding projection:

- LESC staff used local education agency (LEA)-level data from PED. According to the department, participation rates for SY24 were 59 percent for lunch and 41 percent for breakfast. To account for an expected increase of about 5 percentage points in participation in the next year, LESC staff's model assumed participation rates of 64 percent and 46 percent for lunch and breakfast, respectively.
- For the 2024-2025 school year, 15 LEAs have identified student percentages (ISPs) below the 25 percent threshold to qualify for CEP. These LEAs will require the greatest financial support from the state to provide free meals to all students.
- 118 LEAs have ISPs between 25 percent and 62.4 percent. The federal government will reimburse these LEAs anywhere from 40 percent to 99.9 percent of all meals at the free rate.
- Finally, 15 LEAs have ISPs of at least 62.5 percent. Under federal regulations, these LEAs will have 100 percent of their meals reimbursed at the federal free rate. The state will not be required to provide any funding to cover the cost of these meals.
- To estimate the number of meals served, staff distinguished between five-day calendars (assumed academic year length of 180 days) and four-day calendars (155 days).

## Policy Recommendations

To ensure the continued successful implementation of the Healthy Universal School Meals program, the Legislature could consider:

- Appropriating at least \$48 million in categorical funding for the Healthy Universal School Meals program in FY26. This funding would be distributed directly to SFAs to support program operations.
- Ensuring PED has appropriate internal capacity to effectively oversee and support implementation of the Healthy Universal School Meals program.