



January 2014

SCHOOL LUNCH

Implementing Nutrition Changes Was Challenging and Clarification of Oversight Requirements Is Needed

Why GAO Did This Study

The National School Lunch Program served more than 31 million children in fiscal year 2012, in part through \$11.6 billion in federal supports. The Healthy, Hunger-Free Kids Act of 2010 required USDA to update nutrition standards for lunches. USDA issued new requirements for lunch components—fruits, vegetables, grains, meats, and milk—and for calories, sodium, and fats in meals. USDA oversees state administration of the program, and states oversee local SFAs, which provide the program in schools. The changes were generally required to be implemented in school year 2012-2013. GAO was asked to provide information on implementation of the lunch changes.

GAO assessed (1) lunch participation trends, (2) challenges SFAs faced implementing the changes, if any, and (3) USDA's assistance with and oversight of the changes. To address these areas, GAO used several methods, including review of federal laws, regulations, and guidance; analysis of USDA's lunch participation data; a national survey of state child nutrition program directors; and site visits to eight school districts selected to provide variation in geographic location and certain school district and food service characteristics.

What GAO Recommends

To improve program integrity, GAO recommends that USDA clarify the need to document noncompliance issues found during state reviews of SFAs and complete efforts to assess states' assistance needs related to oversight of financial management. USDA generally agreed with GAO's recommendations.

View [GAO-14-104](#). For more information, contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov.

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What GAO Found

Nationwide, student participation in the National School Lunch Program declined by 1.2 million students (or 3.7 percent) from school year 2010-2011 through school year 2012-2013, after having increased steadily for many years. This decrease was driven primarily by a decline of 1.6 million students eating school lunch who pay full price for meals, despite increases in students eating school lunch who receive free meals. State and local officials reported that the changes to lunch content and nutrition requirements, as well as other factors, influenced student participation. For example, almost all states reported through GAO's national survey that obtaining student acceptance of lunches that complied with the new requirements was challenging during school year 2012-2013, which likely affected participation in the program. Federal, state, and local officials reported that federally-required increases to lunch prices, which affected many districts, also likely influenced participation.

School food authorities (SFA) faced several challenges implementing the new lunch content and nutrition requirements in school year 2012-2013. For example, most states reported that SFAs faced challenges with addressing plate waste—or foods thrown away rather than consumed by students—and managing food costs, as well as planning menus and obtaining foods that complied with portion size and calorie requirements. SFAs that GAO visited also cited these challenges. However, both states and SFAs reported that they expect many of these areas will become less challenging over time, with the exceptions of food costs, insufficient food storage and kitchen equipment, and the forthcoming limits on sodium in lunches.

The U.S. Department of Agriculture (USDA) provided a substantial amount of guidance and training to help with implementation of the lunch changes and program oversight, but certain aspects of USDA's guidance may hinder state oversight of compliance. Starting in school year 2012-2013, USDA allowed states to focus their oversight of the lunch changes on providing technical assistance to SFAs rather than documenting instances of noncompliance and requiring corrective actions to address them. This assistance likely helped many SFAs move toward compliance with the new lunch requirements and become certified to receive increased federal reimbursements for lunches. However, evidence suggests this approach may have also resulted in some SFAs that were not fully meeting requirements being certified as in compliance. Without documentation of noncompliance and requirements for corrective actions, SFAs may not have the information needed to take actions to address these issues, and USDA may lack information on areas that are problematic across SFAs. Moving forward, USDA has been developing a new process for conducting program oversight, in part because of new statutory requirements. This new process adds requirements for reviewing SFA financial management, and many states reported a need for more guidance and training in this area. USDA has acknowledged that states' processes for reviewing this area have been inconsistent and sometimes inadequate in the past. While USDA has provided some assistance to states on the new requirements related to SFA financial management, until USDA has collected information from all states on their needs in this area, the department will not know if all states are fully prepared to oversee SFA financial management.

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Abbreviations

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| FNS | Food and Nutrition Service |
| SFA | school food authority |
| USDA | U.S. Department of Agriculture |

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January 28, 2014

The Honorable John Kline
Chairman
Committee on Education and the Workforce
House of Representatives

The Honorable David P. Roe
Committee on Education and the Workforce
House of Representatives

The Honorable Kristi Noem
House of Representatives

The National School Lunch Program, which is intended to promote the health and well-being of schoolchildren, served an estimated 31.6 million children in fiscal year 2012 supported in part through federal subsidies and commodities totaling \$11.6 billion. Although federal requirements for the content of school lunches have existed since the program's creation, the Healthy, Hunger-Free Kids Act of 2010—the law that most recently reauthorized school meal programs—required that they be updated in order to help reduce childhood obesity and improve children's diets. The Act required the U.S. Department of Agriculture (USDA), which administers the National School Lunch Program, to update the requirements for the content of school lunches based on recommendations from the Institute of Medicine.¹ USDA issued final regulations defining the new requirements in January 2012 and required that many of them be implemented beginning in school year 2012-2013. USDA's updated regulations aim to provide lunches high in nutrients and low in calories that better meet the dietary needs of schoolchildren and protect their health. To that end, the regulations made several changes and additions to the previous requirements for the content of school lunches, such as requiring that each student's lunch contain at least one

¹ Pub. L. No. 111-296, § 201, 124 Stat. 3183, 3214. The Act required USDA to update the meal patterns and nutrition standards for the National School Lunch Program based on recommendations issued by the Food and Nutrition Board, which is part of the National Academies' Institute of Medicine, and throughout this report, we refer to these as the Institute of Medicine's recommendations, on which USDA based the new lunch content and nutrition requirements.

fruit or vegetable. Under agreements with state agencies, local school food authorities (SFA), which are generally aligned with school districts, serve meals to children in schools and are the entities responsible for implementing these requirements.

As school year 2012-2013 progressed, both USDA and the media reported that states, SFAs, school officials, parents, and students expressed some concerns about the school lunch changes. While the changes to school lunch were the primary school food changes required to be implemented in school year 2012-2013, the Healthy, Hunger-Free Kids Act of 2010 also required similar updates to nutrition standards for the School Breakfast Program and other foods sold in schools—known as competitive foods—and USDA prescribed that these changes generally be implemented in school year 2013-2014 and beyond. In view of both the ongoing and future changes to school foods, you asked us to provide information on implementation of the changes to school lunch. This report assesses: (1) trends in school lunch participation, (2) challenges, if any, SFAs faced implementing the lunch changes, and (3) USDA's efforts to assist with implementation of the lunch changes and ensure compliance with program requirements. In June 2013, we testified on our initial findings on challenges SFAs faced implementing the lunch changes, and recommended that USDA make modifications to some of the new lunch requirements.²

To answer these questions, we gathered information through several methods. At the federal level, we reviewed relevant federal laws, regulations, and guidance and interviewed USDA officials. Further, we analyzed USDA's national data on meals served in the National School Lunch Program and reviewed the department's method for determining lunch participation from these data. To assess their reliability, we interviewed USDA officials, reviewed related documentation, and compared the data we received from USDA with its published data. We determined these data and the participation methodology to be sufficiently reliable for the purposes of this report. To assess USDA's assistance and oversight efforts, we relied on federal standards for internal controls.³ We

² See GAO, *School Lunch: Modifications Needed to Some of the New Nutrition Standards*, [GAO-13-708T](#) (Washington, D.C.: June 27, 2013).

³ GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

also reviewed several key studies on the National School Lunch Program. For example, we reviewed USDA's School Nutrition Dietary Assessment Study IV (2012), which provides information on school lunches and other foods sold in schools nationwide in school year 2009-2010.⁴ In addition, because it is the basis for USDA's revised regulations on the content of school lunches, we reviewed the Institute of Medicine's report, *School Meals: Building Blocks for Healthy Children* (2010).⁵ We assessed the methodologies and findings of the studies we reviewed and determined that they were sufficiently reliable for the purposes of this report.

To gather information from the state level, we conducted a national survey of state child nutrition directors that oversee the National School Lunch Program in the 50 states and the District of Columbia.⁶ We administered our Web-based survey between June and July 2013, and all state directors responded. While we did not validate specific information that directors reported through our survey, we reviewed their responses, and we conducted follow-up, as necessary, to determine that their responses were complete, reasonable, and sufficiently reliable for the purposes of this report. To gather information directly from those affected by the changes in the schools, we conducted site visits to eight school districts in eight states across the country between March and May 2013. The school districts selected for these visits provide variation across geographic location, district size, and certain characteristics of the student population and district food services.⁷ In each district, we met with SFA staff at the district and school levels, school administrators, and students, and we observed lunch in at least two schools of different grade levels,

⁴ U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis, *School Nutrition Dietary Assessment Study IV* (Alexandria, VA: November 2012).

⁵ Institute of Medicine, *School Meals: Building Blocks for Healthy Children* (Washington, D.C.: The National Academies Press, 2010).

⁶ Because separate agencies oversee the administration of the National School Lunch Program in public and private schools in five states, we surveyed both agencies in each of these five states. In two of the states, separate state agencies oversee public and private schools administering the program, while in the remaining three, private schools administering the program are overseen by the relevant USDA regional office.

⁷ We conducted site visits to Caddo Parish Public Schools (LA), Carlisle Area School District (PA), Chicago Public Schools (IL), Coeur d'Alene School District (ID), Fairfax County Public Schools (VA), Irving Independent School District (TX), Mukwonago Area School District (WI), and Spokane Public Schools (WA).

for a total of 17 schools. We also interviewed the eight state child nutrition program directors who oversee these districts. We cannot generalize our findings from the site visits beyond the school districts we visited.⁸ To gather additional information, we interviewed representatives from several stakeholder groups, including a group of eight SFA directors representing both their own districts and their regions of the country, and a group of eleven relevant industry representatives.⁹ For additional information on the report's scope and methodology, see appendix I.

We conducted this performance audit from February 2013 to January 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The National School Lunch Program was established in 1946 by the National School Lunch Act¹⁰ and is intended to safeguard the health and well-being of the nation's children. The program provides nutritionally balanced low-cost or free lunches to children in public and nonprofit private schools and residential child care institutions. In fiscal year 2012, the federal government spent \$11.6 billion on the National School Lunch Program, which served lunches to 31.6 million children on average each month.

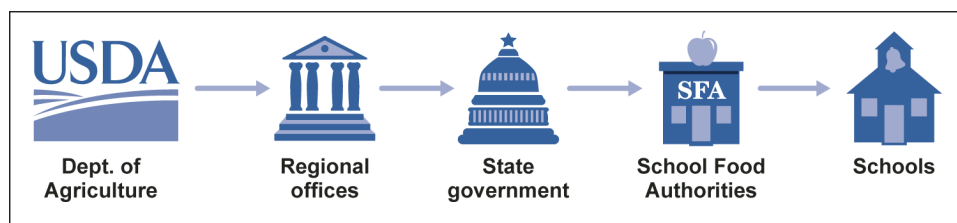
⁸ We reported on our preliminary findings from these visits in [GAO-13-708T](#).

⁹ The School Nutrition Association (SNA), a national non-profit organization representing 55,000 members involved in serving meals to children in schools, assisted our efforts to speak with these groups. The eight SFA directors we spoke with were representatives on SNA's public policy and legislation committee, which includes representatives from each region of the country, as well as SNA's board of directors. None of these SFA directors were responsible for administering the National School Lunch Program in districts that we selected for site visits, and only one of the SFA directors was from a state in which we conducted a site visit. The 11 industry representatives we spoke with were members of SNA, and some serve on the Association's industry advisory board.

¹⁰ The National School Lunch Act was redesignated as the Richard B. Russell National School Lunch Act in 1999. Throughout this report we refer to the act as the National School Lunch Act.

The school lunch program is overseen by USDA’s Food and Nutrition Service (FNS) through its headquarters and regional offices and is administered through state agencies and local SFAs (see fig. 1). FNS defines program requirements and provides reimbursements to states for lunches served. FNS also provides states with commodities—foods produced in the United States that are purchased by USDA and provided to SFAs—based on the number of lunches served.¹¹ States have written agreements with SFAs to administer the meal programs, and states provide federal reimbursements to SFAs and oversee their compliance with program requirements. SFAs plan, prepare, and serve meals to students in schools.¹²

Figure 1: Entities Responsible for Overseeing and Administering the National School Lunch Program



Source: GAO.

Meal Component and Nutrition Standards

Although federal requirements for the content of school lunches have existed since the National School Lunch Program’s inception in 1946, as research has documented changes in the diets of Americans and the increasing incidence of overweight and obesity in the United States, the federal government has taken steps to improve the nutritional content of lunches. Specifically, since 1994, federal law has required SFAs to serve school lunches that are consistent with the Dietary Guidelines for Americans. In 2004, federal law required USDA to issue rules providing SFAs with specific recommendations for lunches consistent with the most

¹¹ As authorized in the National School Lunch Act, SFAs are entitled to receive commodity foods or, where applicable, cash in lieu of commodity foods. In school year 2013-2014, SFAs received commodity foods valued at 23.25 cents for each reimbursable lunch served.

¹² An SFA is the governing body that is responsible for the administration of the National School Lunch Program in one or more schools, which has the legal authority to operate the program therein or is otherwise approved by FNS to operate the program.

recently published version of the Guidelines. As a result of that requirement, USDA asked the Institute of Medicine to review the food and nutritional needs of school-aged children in the United States using the 2005 Dietary Guidelines for Americans and provide recommended revisions to meal requirements for the National School Lunch Program.

The Healthy, Hunger-Free Kids Act of 2010 required USDA to update federal requirements for the content of school lunches based on the Institute of Medicine's recommendations, which were published in 2010. USDA issued final regulations that made changes to many of the lunch content and nutrition requirements in January 2012 and required that many of the new lunch requirements be implemented beginning in school year 2012-2013.¹³ (See fig. 2.) Regarding the lunch components—fruits, vegetables, meats, grains, and milk—lunches must now include fat-free or low-fat milk, limited amounts of meats/meat alternates and grains,¹⁴ and whole grain-rich foods.¹⁵ Further, lunches must now include both fruit and vegetable choices, and although students may be allowed to decline two of the five lunch components they are offered,¹⁶ they must select at least one half cup of fruits or vegetables as part of their meal. (See fig. 3 for examples of lunches with three and five components.) Regarding the nutrition standards, the regulations now include maximum calorie levels for lunches, require that lunches include no trans fat, and set future

¹³ Nutrition Standards in the National School Lunch and School Breakfast Programs, 77 Fed. Reg. 4088 (Jan. 26, 2012) (codified at 7 C.F.R. pts. 210 and 220).

¹⁴ In January 2014, USDA issued regulations that remove the requirement for SFAs to comply with the limits on meats/meat alternates and grains. See Certification of Compliance With Meal Requirements for the National School Lunch Program Under the Healthy, Hunger-Free Kids Act of 2010, 79 Fed. Reg. 325 (Jan. 3, 2014) (codified at 7 C.F.R. pt. 210).

¹⁵ Regarding the grains component of the lunch, the regulations require that all grain products must be made with enriched and whole grain meal or flour, and whole grain-rich products must contain at least 51 percent whole grains. 7 C.F.R. § 210.10(c)(2)(iv). Beginning July 1, 2012, half of the grain products offered during the school week must meet the whole grain-rich criteria, and beginning July 1, 2014, all grain products must meet these criteria.

¹⁶ The offer versus serve policy has been required for senior high schools and optional for all other schools since 1975. This policy allows students to decline two of the five meal components offered with the lunch, rather than requiring students to be served all five components.

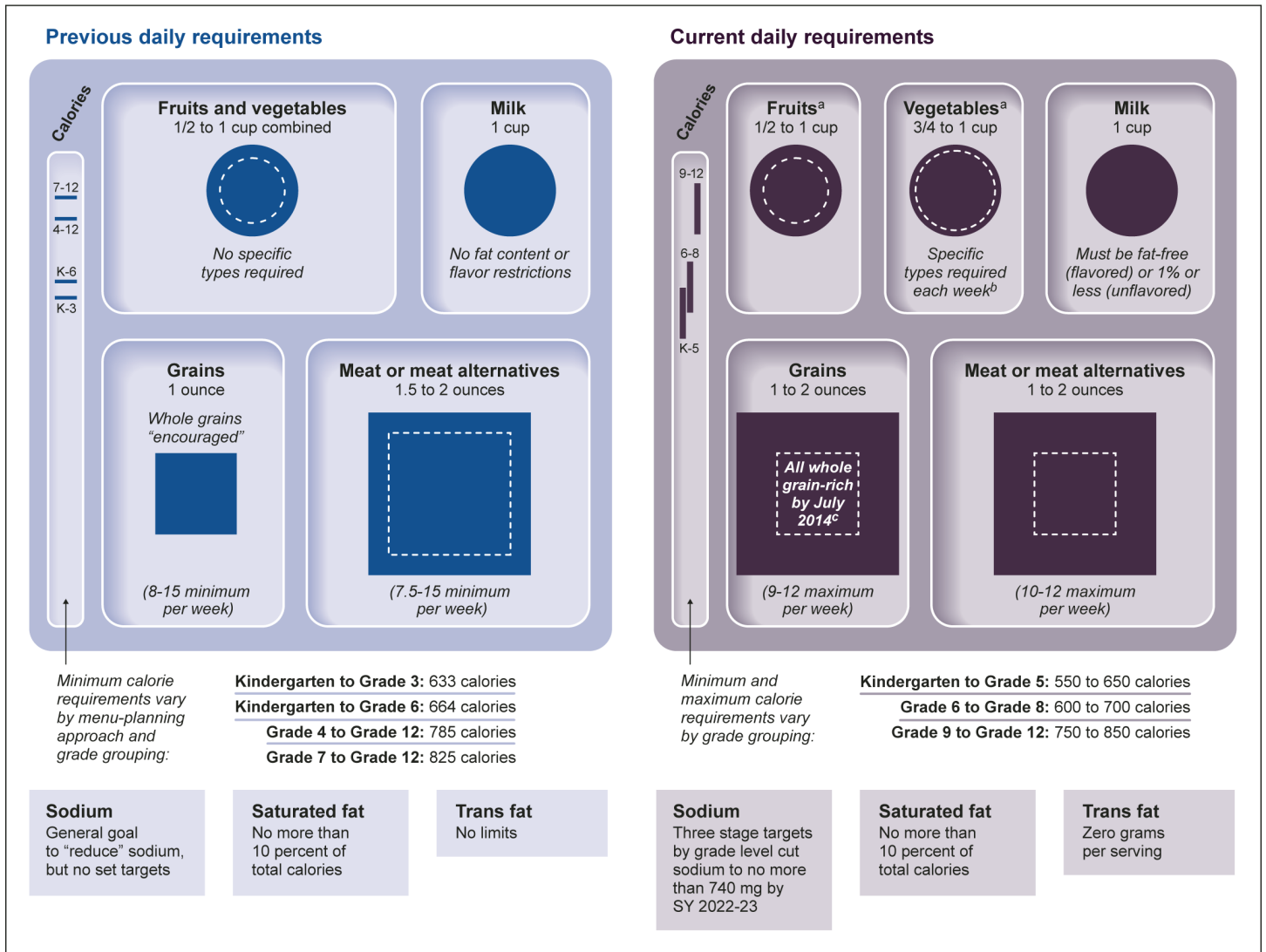
targets to reduce sodium in lunches.¹⁷ In addition to changes to the content of lunches, regulations also required that all SFAs use the same approach for planning lunch menus—Food-Based Menu Planning.¹⁸ This approach involves providing specific food components in specific quantities, where previously districts could choose from a variety of approaches. Further, the new regulations require SFAs to plan menus based on one set of student grade groups—grades K-5, grades 6-8 and grades 9-12—regardless of whether their schools align with these groups. Although regulations have long adjusted lunch content requirements by student grade level, previous regulations allowed SFAs a few student grade group options from which to choose those that best aligned with their schools.¹⁹

¹⁷ The final rule requires schools to gradually reduce the sodium content of lunches over a specified time period. The first intermediate sodium targets must be met no later than the beginning of school year 2014–2015, the second no later than the beginning of school year 2017–2018, and the final no later than the beginning of school year 2022–2023. However, prior to the implementation of the second and final sodium targets, USDA will evaluate relevant studies on sodium intake and human health, as required by the Consolidated and Further Continuing Appropriations Act, 2012, Pub. L. No. 112-55, div. A, tit. VII, § 743, 125 Stat. 552, 589 (2011).

¹⁸ In the preamble to the final rule, USDA noted that over 70 percent of SFAs were already using the Food-Based Menu Planning approach to plan their lunch menus.

¹⁹ For more information on the previous and current federal requirements for school lunches, see appendix II.

Figure 2: Previous and Current Federal Requirements for Meal Components and Nutrients in School Lunches



Source: USDA Analysis of Previous and Current Requirements, 77 Fed. Reg. 4088, 4113 and 7 C.F.R. § 210.10 (2012).

Notes: Under the previous federal requirements for school lunch, SFAs could choose to use one of five approved approaches to plan their menus. Three of these approaches focused on nutrient requirements and did not specify portion size requirements. The requirements for portion sizes in the two food-based menu planning approaches are shown in the figure. The ranges of portion sizes shown reflect the minimum requirements, which vary by grade group and, for the previous requirements, by menu planning approach. Under the offer versus serve policy required in high schools and optional for other schools, students may decline two of the five lunch components they are offered.

^a Beginning in school year 2012-2013, lunches offered to students must include both fruit and vegetable choices, and students must take at least one half cup of fruits or vegetables with their lunches.

^b Over the course of the week, schools must offer all vegetable subgroups established in the 2010 Dietary Guidelines for Americans: dark green, red/orange, beans/peas (legumes), starchy, and “other” vegetables (as defined in the Dietary Guidelines).

^c In school years 2012-2013 and 2013-2014, half of the grain products offered in the program must be whole grain-rich.

Figure 3: Examples of Three and Five Component Lunches That Comply with the New Content and Nutrition Requirements

Students served themselves these lunches at an elementary school we observed as part of our site visits to eight SFAs. Both lunches comply with the new requirements.



This lunch includes three components: milk, grain, and fruit.



This lunch includes five components: milk, grain, fruit, vegetable, and meat/meat alternate.

Source: GAO.

In addition to changes to the content and nutrition requirements for school lunches, the Healthy, Hunger-Free Kids Act of 2010 required that USDA update the requirements for school breakfasts and establish new standards for all other foods and beverages sold in schools, which are commonly referred to as competitive foods because they compete with school meal programs. USDA’s January 2012 final regulations on the new lunch requirements also included the new breakfast requirements that are to be implemented over several school years, beginning generally in school year 2013-2014. The regulations establish three meal components for breakfast—fruit or vegetable, grain or meat, and milk—and require that breakfasts include whole grain-rich foods and only fat-free or low-fat milk. Additional changes to the previous breakfast requirements include that breakfasts must now be at or below calorie maximums and comply

with limits on sodium and trans fat. Beginning in school year 2014-2015, schools must offer one cup of fruit with each breakfast each day, an increase from the previous requirement of ½ cup, though vegetables meeting specific requirements may be substituted for fruit. In addition, as with lunch, students will be required to take a fruit or vegetable as part of their meal. Separate from the lunch and breakfast regulations, USDA issued an interim final rule on the new requirements for competitive foods in June 2013 and required that they be implemented in school year 2014-2015.²⁰ Competitive foods are often sold through vending machines, school stores, and fundraisers, and also include SFA sales of a la carte items in the cafeteria. Prior to the enactment of the Healthy, Hunger-Free Kids Act of 2010, USDA's authority to regulate competitive foods was limited to those foods sold in the food service area during meal periods. In contrast, the new regulations include nutrition requirements for all foods and beverages sold on school campuses during the school day outside of the federal school meal programs.

SFA Finances

SFAs generally determine the prices they charge for school meals, but some children are eligible to receive free or reduced-price meals. Under the National School Lunch Act, children are eligible for free meals if their families have incomes at or below 130 percent of the federal poverty guidelines and reduced-price meals if their families have incomes between 130 and 185 percent of the federal poverty guidelines. SFAs can charge a maximum of \$0.40 for a reduced-price lunch. Children who are not eligible for free or reduced-price meals pay the full price charged by the SFA for the meal. However, SFAs receive federal reimbursements for all lunches served to eligible students that meet federal lunch component and nutrition requirements, regardless of whether children pay for the meals or receive them for free. The amount of federal reimbursement that SFAs receive for each meal served to a child is based on the eligibility category of the child and the proportion of the SFA's total lunches that are served to children eligible for free and reduced-price meals. For example, in school year 2013-2014, federal reimbursements are \$2.93 for each free lunch, \$2.53 for each reduced-price lunch, and \$0.28 for each paid lunch for SFAs with less than 60 percent of their total lunches served to children eligible for free and reduced-price meals. SFAs with a higher proportion of

²⁰ National School Lunch Program and School Breakfast Program: Nutrition Standards for All Foods Sold in School as Required by the Healthy, Hunger-Free Kids Act of 2010, 78 Fed. Reg. 39,068 (June 28, 2013) (codified at 7 C.F.R. pts. 210 and 220).

their total lunches served to children eligible for free and reduced-price meals may qualify for a higher per lunch reimbursement rate

SFAs must comply with certain financial requirements when operating the National School Lunch Program. Specifically, the National School Lunch Act requires that SFAs operate as nonprofit entities. Federal regulations further dictate that SFAs must use all revenue for the operation or improvement of the program and generally limit their net cash resources—the cash SFAs carry in their accounts—to three months of average operating expenditures. In the event that an SFA's resources exceed this limit, the state agency may require the SFA to invest the excess funds in the program or otherwise reduce the SFA's account balance.

The Healthy, Hunger-Free Kids Act of 2010 contained two new revenue requirements related to the prices SFAs set for paid lunches and other foods sold outside of the school meal programs. These provisions were developed, in part, because of a USDA study that found the average prices charged for paid lunches and for other foods by some SFAs were less than the cost of producing those foods.²¹ While SFAs continue to determine the price they charge for school lunches, beginning in school year 2011-2012, the Act requires SFAs to provide the same level of support for paid lunches as is provided for free lunches.²² If an SFA's average paid lunch price is less than a specified amount—\$2.59 for school year 2013-2014—the SFA must either increase the price it charges for paid lunches or provide non-federal funding to cover the difference.²³ Concerning other foods sold by SFAs outside of the school meal programs, the Act requires that revenues from the sales of these foods generate at least the same proportion of SFA revenues as they

²¹ See USDA, Food and Nutrition Service, Office of Research, Nutrition and Analysis, *School Lunch and Breakfast Cost Study-II, Final Report* (Alexandria, VA: 2008).

²² The Act requires that SFAs set paid lunch prices that are no less than the difference between the total federal reimbursement for a free lunch and the total federal reimbursement for a paid lunch. Pub. L. No. 111-296, § 205, 124 Stat. 3183, 3218 (codified at 42 U.S.C. § 1760(p)).

²³ For SFAs that choose to increase the price charged for paid lunches, the Act limits the annual average required price increase to not more than 10 cents. However, SFAs have discretion to increase the average price by more than 10 cents. *Id.*, § 205, 124 Stat. 3183, 3219 (codified at 42 U.S.C. § 1760(p)(2)(B)(iii)).

contribute to SFA food costs, in effect requiring SFAs to charge prices that cover the costs of those foods.²⁴

Program Oversight and Administrative Review Process

As required by the National School Lunch Act, USDA policies and regulations establish an oversight and monitoring framework for the National School Lunch Program to help ensure that meals served meet content and nutrition requirements and that SFAs follow required eligibility and financial practices and maintain sound financial health. USDA is required to review state administration of the program, and states are required to review SFA administration of the program.

Although states have been required to regularly review SFA administration of the National School Lunch Program for over two decades, the Healthy, Hunger-Free Kids Act of 2010 required USDA to amend its unified accountability system to ensure SFA compliance with requirements for all school meal programs.²⁵ Further, the Act requires states to review SFAs on a 3-year cycle, which is a change from the previous 5-year cycle. While USDA has not yet issued regulations on the new requirements, USDA has developed and provided states with guidance on an updated and streamlined administrative review process that changes some of the review procedures and required review areas. For example, USDA developed risk-based tools to determine the degree to which each area must be reviewed and made changes to procedures used when SFAs claim or receive federal reimbursements they are not entitled to.²⁶ Further, USDA modified the extent to which states must review certain areas and added review of SFA financial management to the administrative review process. Specifically, states are now required to

²⁴ *Id.* at § 206, 124 Stat. 3183, 3220 (codified at § 1760(q)).

²⁵ Previously, the National School Lunch Act required states to review the National School Lunch Program, which was accomplished through the regular administrative review process. The Healthy, Hunger-Free Kids Act of 2010 expanded oversight requirements to require that oversight of the National School Lunch Program and School Breakfast Program, including nutritional requirements for both programs, be conducted through one unified review process. *Id.*, at § 207(1), 124 Stat. 3183, 3220 (codified at 42 U.S.C. § 1769c(a)(1)).

²⁶ Under USDA regulations, in certain circumstances, a state must take fiscal action against an SFA that it finds to be out of compliance with program requirements. For example, an SFA found to have served meals not in compliance with requirements is potentially subject to fiscal action, such as the recovery of federal reimbursements for those meals. 7 C.F.R. § 210.19(c).

review SFAs' nonprofit food service accounts, use of commodities, indirect costs, and compliance with requirements for pricing paid lunches and other foods sold outside of the school meal programs. USDA officials told us that the new administrative review process was developed with extensive input from a workgroup that included state and USDA representatives. Although a new 3-year cycle of administrative reviews began in school year 2013-2014, because federal regulations have not yet been updated to reflect the new administrative review process, USDA used its waiver authority to provide states with the flexibility to follow the new administrative review requirements or the previous requirements.²⁷

For school year 2012-2013, as SFAs worked to implement the required changes to the content of school lunches, USDA established interim procedures for program oversight.²⁸ Specifically, to ensure that state agencies provided training and technical assistance to help SFAs implement the changes to the content of lunches, USDA allowed states to postpone administrative reviews until school year 2013-2014.²⁹ Instead, during school year 2012-2013, states were required to review documentation submitted by SFAs and certify those SFAs determined to be in compliance with the new lunch requirements. USDA also required states to conduct on-site validation reviews to a sample of at least 25 percent of certified SFAs to ensure SFA compliance. Once certified, SFAs receive an additional six cents for each reimbursable lunch served, as provided for in the Healthy, Hunger-Free Kids Act of 2010.

The National School Lunch Program's oversight and monitoring requirements are part of the program's internal controls, which are an integral component of management. Internal control is not one event, but a series of actions and activities that occur on an ongoing basis. Effective

²⁷ According to USDA officials, 47 states, Puerto Rico, and the Virgin Islands are using the new administrative review process in school year 2013-2014.

²⁸ Certification of Compliance with Meal Requirements for the National School Lunch Program Under the Healthy, Hunger-Free Kids Act of 2010, 77 Fed. Reg. 25,024 (April 27, 2012) (codified at 7 C.F.R. pt. 210).

²⁹ During school year 2012-2013, states had the discretion to conduct administrative reviews. Further, states were required to conduct Additional Administrative Reviews, which are reviews of those SFAs determined to be at risk for improper payments, and planned follow-up administrative reviews that had already been scheduled. In school year 2013-2014, states are required to review SFAs whose reviews were postponed in school year 2012-2013 or omitted during the previous 5-year cycle.

internal controls include creating an organizational culture that promotes accountability and the reduction of errors, analyzing program operations to identify areas that present the risk of error, making policy and program changes to address the identified risks, and monitoring the results and communicating the lessons learned to support further improvement. Despite the National School Lunch Program's oversight and monitoring requirements, the program has been found to have a relatively high incidence of program errors. For example, USDA's most recent study of program errors found that \$248 million in improper payments (3.1 percent of federal reimbursements) during school year 2005-2006 resulted from school food service staff incorrectly assessing and recording lunches eligible for federal reimbursement.³⁰ At the time of the study, federal requirements for the content of lunches had been consistent for 10 years.

School Lunch Participation Declined by 1 Million Students in Recent Years, Likely Due to the Changes to Lunch Requirements and Other Factors

³⁰ These errors included counting meals as eligible for federal reimbursement that did not contain the required components or were served to ineligible people such as teachers or visitors. They also included failing to count meals for federal reimbursement that met nutrition requirements and were provided to eligible students. USDA, FNS, Office of Research, Nutrition and Analysis, "NSLP/SBP Access, Participation, Eligibility, and Certification Study – Erroneous Payments in the NSLP and SBP, Vol. I: Study Findings" (Alexandria, VA: 2007). USDA has contracted for a second study that will review school meals programs for school year 2012-2013.

Total School Lunch Participation Declined by 1 Million Students from School Years 2010-2011 through 2012-2013

Nationwide, participation in the National School Lunch Program declined in recent years after having increased steadily for more than a decade. According to our analysis of USDA's data, total student participation—the total number of students who ate school lunches—dropped from school years 2010-2011 through 2012-2013 for a cumulative decline of 1.2 million students (or 3.7 percent), with the majority of the decrease occurring during school year 2012-2013.³¹ (See fig. 4.) The decrease in the total number of students eating school lunches during the last 2 school years was driven primarily by a decrease of 1.6 million students paying full price for meals, despite increases in the number of students eating school lunches who receive free meals. While the number of students who buy full-price lunches each month has been declining gradually since school year 2007-2008, the largest one-year decline—10 percent—occurred in school year 2012-2013.³² In contrast, the number of students participating in the program each month who receive free meals has steadily increased over the years, though the increase was much smaller in the last year.³³ (See fig. 5.) In addition, some evidence suggests that the total number of students eating school lunches declined more in schools with older students. For example, in six of the seven SFAs we visited that provided participation details by school level, participation declined to a greater extent among older students than elementary students in school year 2012-2013.

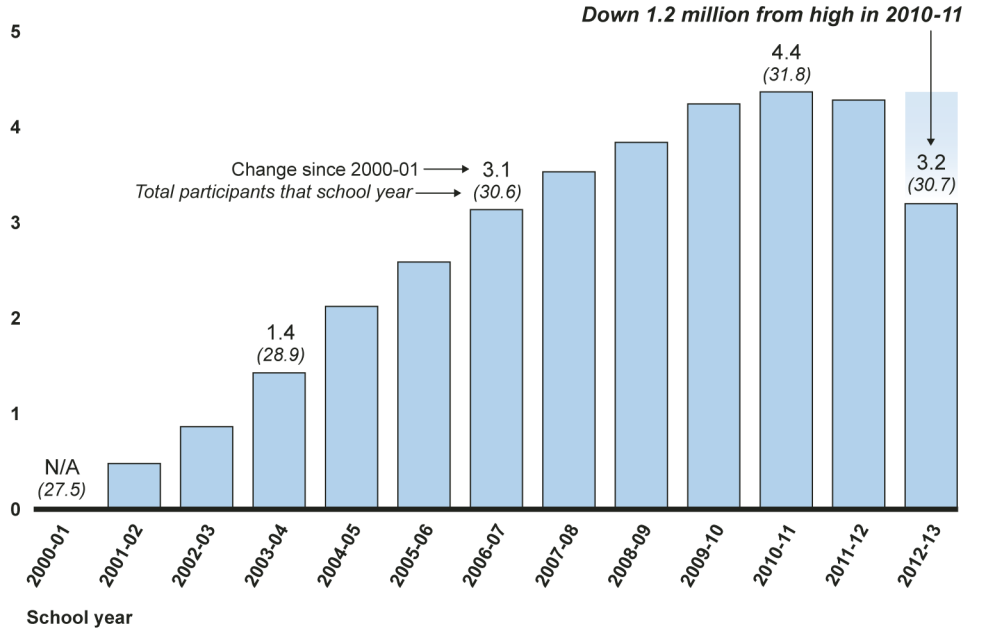
³¹ Each month, states report to USDA the number of lunches served in the program and USDA adjusts the data to determine the number of students participating. According to the data, student participation declined by 84,000 students (0.3 percent) in school year 2011-2012 and by an additional 1,086,000 students (3.4 percent) in school year 2012-2013. See appendix I for more information on USDA's participation data.

³² Since peaking in school year 2006-2007 with 12.6 million students, participation among students paying full price for meals has declined by nearly 5 percent on average each year, with a decline of 10 percent in school year 2012-2013. Prior to the decline, the number of students paying full price had remained relatively steady.

³³ After increasing for over a decade at an average rate of 3.5 percent per year, participation among students receiving free meals increased less than 1 percent in school year 2012-2013.

Figure 4: Participation in the National School Lunch Program, School Years 2000-2001 through 2012-2013

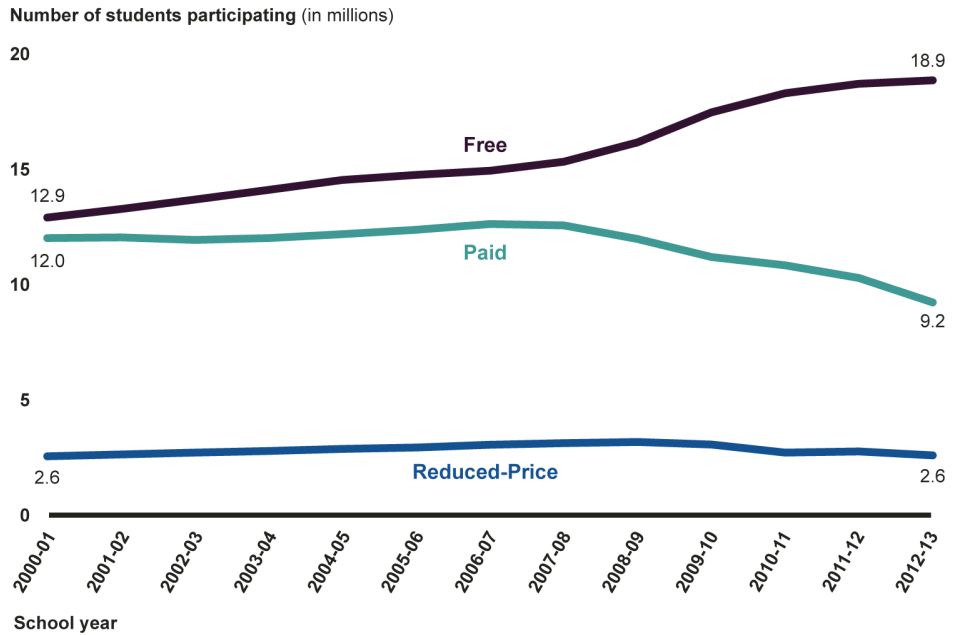
Change in number of students participating since SY2000-01 (in millions)



Source: GAO analysis of USDA data.

Note: Each month, states report to USDA the number of lunches served in the program and USDA adjusts the data to determine the number of students participating. Our analysis of school year data represents an average of 9 months—September through May—for each school year. Data for school year 2012-2013 may contain estimates as the data reporting process was not yet final when we received the data from USDA. The decline of 1.2 million does not match the yearly data due to rounding.

Figure 5: Participation in the National School Lunch Program by Category of Student, School Years 2000-2001 through 2012-2013



Source: GAO analysis of USDA data.

Note: Each month, states report to USDA the number of lunches served in the program by category of student and USDA adjusts the data to determine the number of students participating. Our analysis of school year data represents an average of 9 months—September through May—for each school year. Data for school year 2012-2013 may contain estimates as the data reporting process was not yet final when we received the data from USDA.

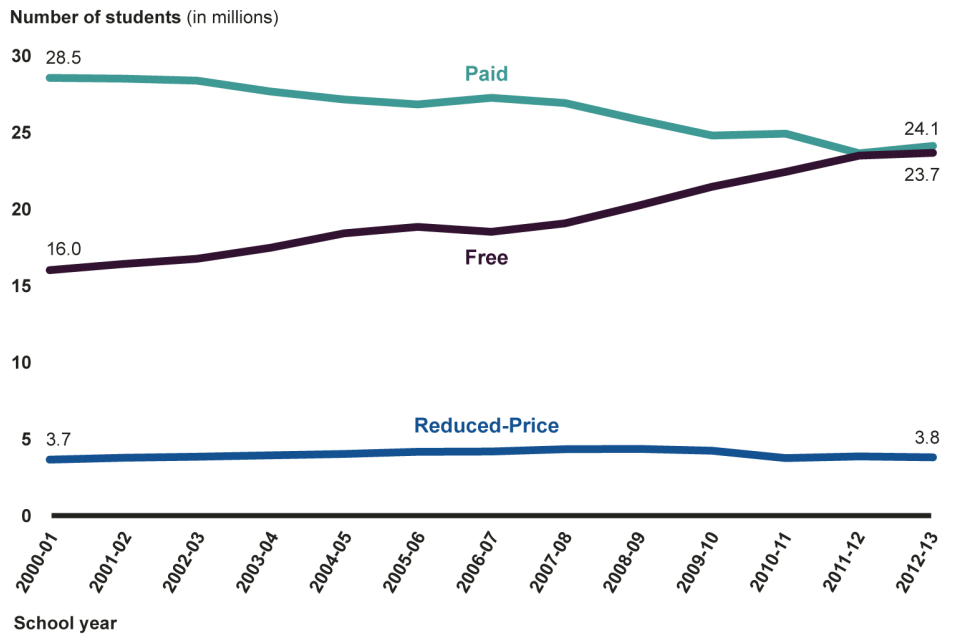
The changes in lunch program participation were likely influenced by factors that directly affected students' eligibility for free and reduced-price school meals. Since the recent economic downturn began in late 2007, the number of children under age 18 living in poverty nationwide has increased substantially, according to data from the U.S. Census Bureau.³⁴ Consistent with this shift, our analysis of USDA's data shows that the number of students approved for free meals nationally has been increasing at a greater rate since school year 2007-2008, and the number of students required to pay full price for their lunches has been decreasing. (See fig. 6.) This was also true in the districts we visited

³⁴ U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements, Table 3. Poverty Status of People, by Age, Race and Hispanic Origin: 1959-2012.

where two SFA directors noted that the recent economic downturn likely contributed to an increase in the number of children approved for free and reduced-price meals in their districts. In addition to economic conditions, other program changes may have also influenced these trends, such as adjustments to the process for determining student eligibility for free and reduced-price school meals.³⁵

³⁵ As we have previously reported, there have been various efforts designed to ease administrative burden when certifying children for multiple assistance programs with similar eligibility criteria. For example, since school year 2008-2009, all school districts have been required to certify as eligible for free meals students in households that receive benefits through the Supplemental Nutrition Assistance Program (SNAP), previously known as the Food Stamp Program. 42 U.S.C. § 1758(b)(4). Additionally, we have previously noted that changes to state policies that broaden eligibility criteria for SNAP may have resulted in an increase in students eligible for free school meals. For more information, see GAO, *Supplemental Nutrition Assistance Program: Improved Oversight of State Eligibility Expansions Needed*, [GAO-12-670](#) (Washington, D.C.: July 26, 2012). USDA officials reported that other policy changes in selected states may have influenced student eligibility during school years 2011-2012 and 2012-2013, including a demonstration project to directly certify students based on Medicaid program information and use of the community eligibility option.

Figure 6: Number of Students in Each Category, School Years 2000-2001 through 2012-2013

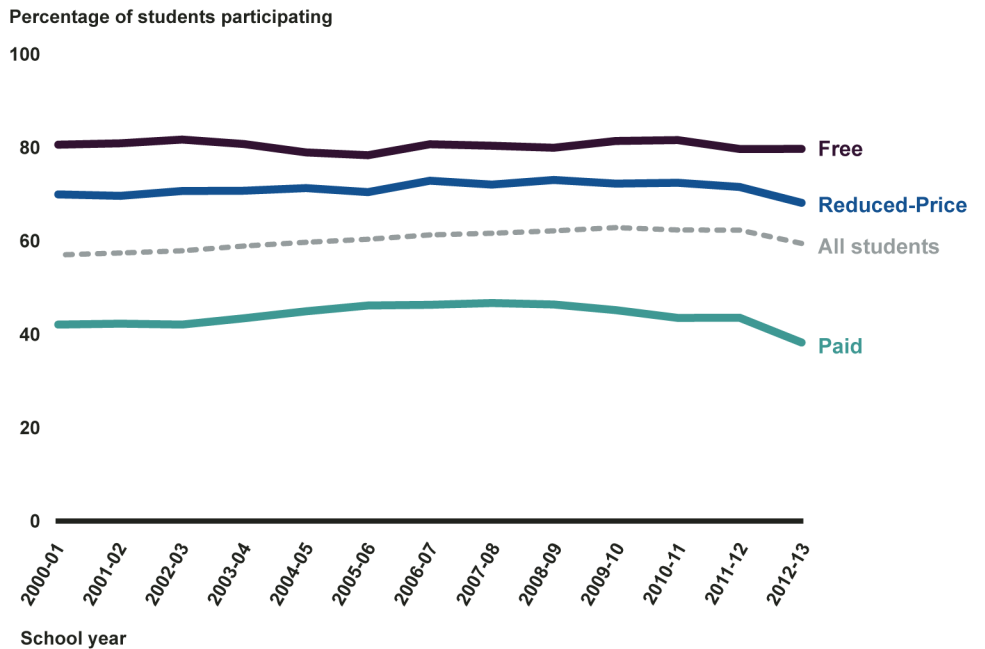


Source: GAO analysis of USDA data.

Note: For October of each school year, states report to USDA the total number of students enrolled in schools participating in the National School Lunch Program, as well as the total number of students approved for free and reduced-price meals in that month. Paid students in this figure represent enrolled students who had not been approved for free or reduced-price meals.

Consistent with declines in the number of students participating in the lunch program, our analysis shows that the proportion of all students eating school lunches declined in school year 2012-2013. The participation rate measures the proportion of all students in schools with the National School Lunch Program who ate school lunches in each month. In school year 2012-2013, the overall participation rate declined, primarily driven by a decline in the participation rate for paid students. (See fig. 7.) In that year, the participation rate for paid students declined to approximately 38 percent—the lowest rate in over a decade.

Figure 7: Participation Rate in the National School Lunch Program, School Years 2000-2001 through 2012-2013



Source: GAO analysis of USDA data.

Note: The participation rate measures the proportion of students in each category participating in the program in schools that offer the National School Lunch Program. Our analysis of school year data represents an average of 9 months—September through May—for each school year. Participation data for school year 2012-2013 used to develop the participation rate may contain estimates as the data reporting process was not yet final when we received the data from USDA.

Participation Decreases Were Likely Influenced by Several Factors, Including Implementation of the New Federal Requirements

Several factors likely influenced the recent decreases in lunch participation, and while the extent to which each factor affected participation is unclear, state and local officials reported that the decreases were influenced by changes made to comply with the new lunch content and nutrition standards. Almost all states reported that student acceptance of the changes was challenging for at least some of their SFAs during school year 2012-2013, a factor that likely affected participation.³⁶ All eight SFAs we visited also noted that students

³⁶ In our state survey, 48 states identified student acceptance as a challenge and 33 states noted challenges with palatability—food that tasted good to students—for at least some of their SFAs in school year 2012-2013.

expressed dislike for certain foods that were served to comply with the new requirements, such as whole grain-rich products and vegetables in the beans and peas (legumes) and red-orange sub-groups, and this may have affected participation.³⁷ Further, some SFAs we visited noted that negative student reactions to lunches that complied with the new meat and grain portion size limits directly affected program participation in their districts. For example, in one district, changes the SFA made to specific food items, such as sandwiches, contributed to a middle and high school boycott of school lunch by students that lasted for 3 weeks at the beginning of school year 2012-2013. During this time, participation in school lunch significantly declined in those schools.

Federally-required increases in the prices of paid lunches in certain districts—also known as paid lunch equity—are another change that state and SFA officials believe likely influenced lunch participation. This requirement, included in the Healthy, Hunger-Free Kids Act of 2010, caused many SFAs to raise the price of their paid lunches beginning in school year 2011-2012. Officials from three states and four SFAs we spoke with as part of our site visits believe the price increases likely contributed to declines in the number of students buying full-price lunches. In addition, SFA officials in two districts we visited expressed concern that lunch price increases are particularly difficult for families who do not receive free or reduced-price lunches but have limited incomes, as the new prices may no longer be affordable. Further, SFA officials in two districts believed that lunch price increases, combined with the lunch content changes, led some students to stop buying school lunches because they felt they were being asked to pay more for less food. Some middle and high school students we talked to in these districts echoed this sentiment and said this combination led them to consider food options other than the school lunch program, particularly at the beginning of the 2012-2013 school year. SFA officials noted that middle and high schools are more likely to have alternatives to school lunches available, such as foods sold through vending machines, a la carte lines in the

³⁷ For more information on student acceptance of lunches served that complied with the new requirements in the eight SFAs we visited, see [GAO-13-708T](#).

cafeteria, and fundraisers, as well as policies that allow students to purchase food off of the school campus.³⁸

The reaction to the paid lunch price increases is consistent with USDA's expectations. Prior to implementation, the department estimated that nearly all schools would need to increase their lunch prices in response to the requirements, and these increases were expected to decrease the number of students eating school lunches as they chose not to eat, brought their lunches from home, or acquired food from other sources.³⁹ Although the paid lunch equity provisions were included in the Healthy, Hunger-Free Kids Act of 2010 in part to help SFAs cover the costs of the foods needed to comply with the new lunch requirements, some officials we spoke with expressed concern about the potential impact on the program if the number of students buying full-price lunches continues to decrease. Specifically, several state and SFA officials we spoke with expressed concerns that such a trend would hinder the program's ability to improve the diet and overall health of all schoolchildren and potentially increase stigma in the cafeteria for low-income students.⁴⁰

Officials in the SFAs we visited noted other factors that may also have affected lunch participation in recent years. SFA directors in three districts said that negative national and local media attention regarding changes to the lunch content and nutrition standards likely led some students to stop participating in school lunch, at least temporarily. SFA directors we visited said it is common that they receive feedback from students and parents. However, almost all of those we visited noted that they received more

³⁸ In recognition of the role that competitive foods play in schools and consistent with the Healthy, Hunger-Free Kids Act of 2010's goal of improving the diets of all schoolchildren, USDA has required that all foods sold or offered on the school campus comply with new nutritional standards beginning in school year 2014-2015.

³⁹ In the preamble to the interim rule on paid lunch equity requirements, USDA estimated that most schools affected by the requirements in school year 2011-2012 would need to increase paid lunch prices by only 5 cents in order to comply. National School Lunch Program: School Food Service Account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010, 76 Fed. Reg. 35,301, 35,306 (June 17, 2011). USDA's research suggests that a 5 cent increase in paid lunch prices results in a 0.55 percent decrease in the student participation rate. See USDA, *School Nutrition Dietary Assessment Study-III* (Alexandria, VA: November 2007).

⁴⁰ Previous research has noted that National School Lunch Program participation may be inhibited in schools where few students who pay full price for their lunches participate in the program, as participation itself may be a visible marker of income status.

feedback than normal in school year 2012-2013 with concerns about the program, which some believed was in response to negative media attention. Another factor that may have affected participation is the time allotted for lunch periods, according to officials in three districts we visited. SFA officials in one district noted that some of the changes to lunches, such as the requirement that students take a fruit or vegetable with their lunches, confused staff and students and led to longer lunch lines, particularly at the beginning of school year 2012-2013. One district we visited also made significant changes to the system students use to pay for lunch, which led to longer lunch lines early in school year 2012-2013. One SFA director noted that if the lunch lines are too long or students otherwise do not have enough time to eat, they are more likely to look elsewhere for food or not eat at all. Other decisions at the district or school level may have also affected school lunch participation in school year 2012-2013. For example, one district we visited stopped allowing high school students to leave campus during the lunch period, which the SFA director believed helped mitigate the lunch participation declines the district experienced.⁴¹ In addition, states reported through our survey that 321 SFAs in 42 states stopped participating in the National School Lunch Program in school year 2012-2013,⁴² which directly impacted the number of students able to participate in the program nationwide. While districts may choose to leave the program for various reasons, such as low student participation, twenty-seven of these states reported that the new lunch requirements were a factor in some SFAs' decisions not to participate. USDA officials also noted other factors that may have influenced lunch participation, including school closures, mergers, moves,

⁴¹ Prior to the change, the district had an open campus policy for its high schools, which allowed students to leave high school campuses during their lunch period. Generally, districts may choose to have an open campus policy for various reasons, such as limited food service areas on campus or, when the policy is conditional, to incentivize positive student behavior or academic performance. With a closed campus policy, students are required to stay on the school campus during the lunch period, which increases the likelihood that they will participate in the school lunch program.

⁴² This represents 1.7 percent of the SFAs that participated in the National School Lunch Program in school year 2011-2012 nationwide. The percentage of states' SFAs that participated in the program in school year 2011-2012 that chose not to participate in the program in school year 2012-2013 varied by state. In 40 of the 42 states with such SFAs, this percentage ranged from 0.2 percent to 4.7 percent. In the remaining 2 states, 5.4 percent and 11.5 percent of SFAs that participated in the program in school year 2011-2012 chose not to participate in school year 2012-2013. While SFAs provide lunch in one or more schools, we did not collect data on the number of schools overseen by SFAs who chose not to participate in the program in school year 2012-2013.

consolidation due to economic conditions, and issues with food service management companies.

Although school lunch participation has declined, it is likely that participation will improve over time as students adjust to the lunch changes. Five of the districts we visited reported that, if the past is an indicator, participation will improve over time as students adjust to the new food items, and three noted the importance of nutrition education for students and parents to help make the transition to healthier school meals more successful.⁴³ The SFA director in one district we visited that made changes to lunches prior to school year 2012-2013 in anticipation of the federal requirements initially experienced a decrease in participation, but saw participation recover in the following school year. Similarly, although the other seven districts we visited saw decreases in lunch program participation in the first months after implementing the new requirements in school year 2012-2013, participation increased in the majority of these districts as the school year progressed. Nationwide, fewer states expected student acceptance of the changes and palatability of foods to be challenges for SFAs in school year 2013-2014 than indicated they were challenges in school year 2012-2013, although the majority of states still expected these areas to be difficult.⁴⁴ In four districts we visited, SFA directors noted that they had begun adding whole grains into their menus before the 2012-2013 school year, and they saw student acceptance of whole grain products improve over time. One district's SFA director also noted that students' willingness to eat foods in the beans and peas (legumes) sub-group has improved over time. When we talked with students in the schools we visited and asked them about the lunches, these specific foods were mentioned by some students in four of the eight districts we visited. However, at the same time, most of the students we spoke with indicated that they like to eat healthy and nutritious foods, and they think school lunches generally provide such foods. Further, although school year 2012-2013 was the first year that students nationwide were

⁴³ In its report recommending the new school lunch requirements, the Institute of Medicine recognized the potential difficulty obtaining student acceptance of the changes and noted that various actions, including effective educational, marketing, and food preparation strategies, may help improve acceptance over time.

⁴⁴ In our state survey, 36 states reported that they expect student acceptance to be a challenge in school year 2013-2014 (down from 48 in school year 2012-2013) and 26 reported that they expect challenges with palatability in school year 2013-2014 (down from 33 in school year 2012-2013).

required to take a fruit or a vegetable with their school lunches, when we asked students what they liked about school lunch that year, students in 13 of the 17 schools we visited reported liking certain fruit and vegetable options.

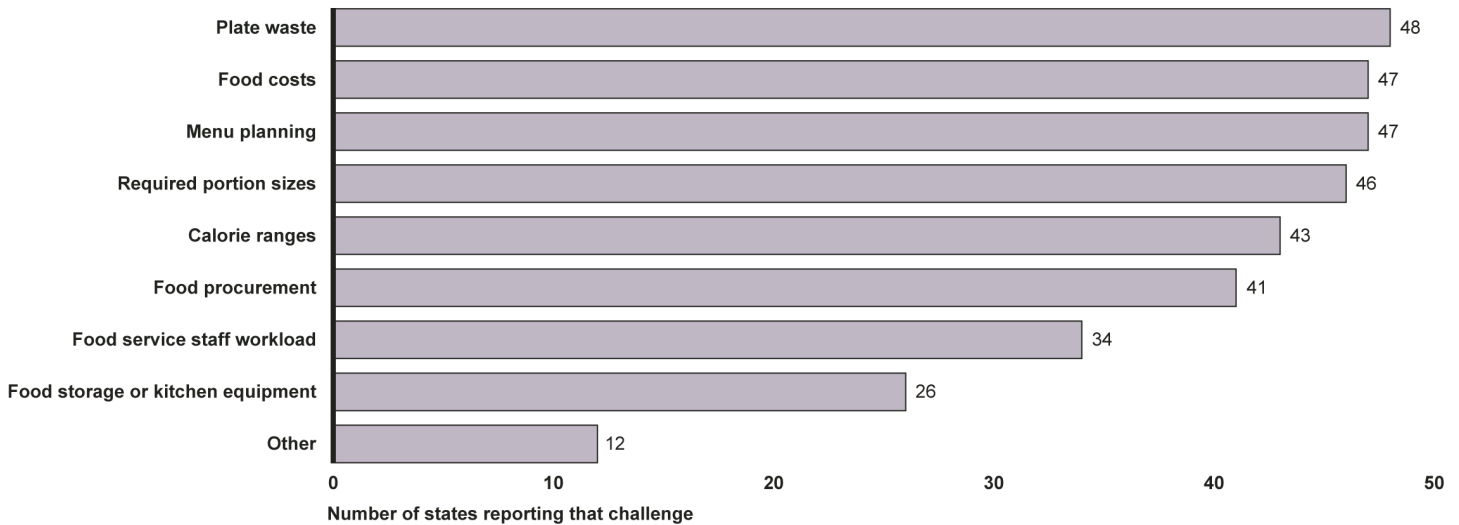
Nationwide, SFAs Faced Challenges Implementing Lunch Changes, Though Some Challenges Will Likely Diminish Over Time

Addressing Plate Waste, Managing Food Costs, and Planning Menus Challenged Many SFAs as They Implemented School Lunch Changes

As SFAs began implementing the new lunch requirements in school year 2012-2013, they faced several challenges implementing the lunch changes. For example, most states reported that their SFAs faced challenges with plate waste—or foods thrown away rather than consumed by students—and food costs, as well as planning menus and obtaining foods that complied with the new portion size and calorie requirements. (See fig. 8.) The majority of states also reported that food service staff workload and food storage or kitchen equipment were challenges for their SFAs while implementing the new lunch requirements. The eight SFAs we visited also experienced these challenges,⁴⁵ although at the same time, all eight expressed support for the goal of improving the nutritional quality of lunches and felt the new requirements were moving in that direction.

⁴⁵ For more information on challenges complying with the new requirements reported by the eight SFAs we visited, see [GAO-13-708T](#).

Figure 8: Number of States in Which SFAs Faced Challenges in Selected Areas during Implementation of the New Lunch Requirements in School Year 2012-2013



Source: GAO survey of state child nutrition directors.

Notes: Figure includes states that reported these areas posed challenges for at least some of their SFAs in school year 2012-2013. Areas identified by states that indicated there were “Other” challenges include: the amount of time provided to implement the changes; parent and public perception of the changes, as well as media coverage of the changes; and limited availability of certain foods, such as whole grain products.

Addressing plate waste has been a longstanding challenge in the school lunch program, and officials in six of the districts we visited told us they believe plate waste increased in school year 2012-2013 because of the new lunch requirements. Specifically, students may take the food components they are required to as part of the school lunch but then choose not to eat them. Although none of the districts we visited had fully analyzed plate waste over the past few years to determine if it changed during school year 2012-2013,⁴⁶ SFAs we visited said that the fruits and vegetables students are now required to take sometimes end up thrown away.⁴⁷ Consistent with this, in our lunch period observations in 7 of 17

⁴⁶ One of the districts we visited has been working with a university researcher on a plate waste study, but a final report has yet to be issued.

⁴⁷ USDA considers the offer versus serve policy, which allows students to decline two of the five meal components offered with the lunch, to be a way to minimize plate waste. However, under the current regulations for offer versus serve, students must select at least one half cup of fruits or vegetables with their lunches.

schools, we saw many students throw away some or all of their fruits and vegetables. However, in the other 10 schools, we saw students take and eat sizable quantities of fruits and vegetables and the other lunch components, resulting in minimal plate waste. Four of the eight SFAs we visited mentioned that plate waste was more of an issue with the youngest elementary school students, possibly because of the amount of food served with the lunch and the amount of time they have to eat it. The Institute of Medicine report that recommended the new lunch requirements acknowledged differences in food intake among elementary students. The report noted that the amounts of food offered under the new recommendations may be too large for some of the younger elementary schoolchildren because they are more likely to have lower energy needs than older elementary schoolchildren being served the same lunches.⁴⁸

Managing the food costs associated with implementing the new lunch requirements was another challenge reported by all of the SFAs we visited. In all eight SFAs, fruit and vegetable expenditures increased substantially during school year 2012-2013, as compared to school year 2011-2012, consistent with the new requirements that both fruits and vegetables be offered daily with lunches and each student take at least one fruit or vegetable with lunch. However, increases varied among the SFAs we visited. Several factors likely affected the extent to which these costs increased in SFAs nationwide as they implemented the new requirements, including the availability of produce suppliers, economies of scale, and the amount of fruits and vegetables previously served with lunches. Some SFA officials we spoke with also noted that fruit and vegetable costs may vary greatly from year to year because of factors that are difficult to plan for when budgeting, such as the weather's impact on growing seasons. By the end of school year 2012-2013, increased fruit and vegetable costs and other factors had negatively impacted the overall financial health of six SFAs we visited.⁴⁹

⁴⁸ Institute of Medicine, *School Meals: Building Blocks for Healthy Children* (Washington, D.C.: The National Academies Press, 2010).

⁴⁹ In the two other SFAs we visited, officials attributed their resource management efforts as enabling them to end school year 2012-2013 with the same or a greater fund balance than they had at the end of school year 2011-2012, despite their fruit and vegetable costs having increased.

The SFAs we visited also cited difficulties planning menus that complied with the new requirements, including the portion size and calorie range requirements. All eight SFAs modified or eliminated some popular menu items because of the new portion size requirements for meats and grains.⁵⁰ For example, two districts stopped serving peanut butter and jelly sandwiches as a daily option in elementary schools, and three districts reported that they changed the burgers they served. Specifically, one district removed cheeseburgers from elementary and middle school lunch menus because adding cheese to the district's burger patties would have made it difficult to stay within the weekly meat maximums. Because lunch entrees frequently consist of meats and grains and provide the majority of calories in meals, the limits on meats and grains made it difficult for SFAs to plan lunches that complied with both the portion size and calorie range requirements. For example, in order to meet the minimum calorie requirements, some SFAs reported that they added foods to their menus that generally did not improve the nutritional value of lunches, such as pudding or potato chips. Further, students or school officials in five districts raised concerns about students being hungry after eating lunches that complied with the new requirements, which some of the students we spoke with attributed to the smaller entrée sizes. The calorie range requirements caused additional difficulties in SFAs whose districts included schools with students in both the 6-8 and 9-12 grade groups. These SFAs faced challenges planning menus that met the requirements for both groups because the calorie ranges for lunches served to those groups do not overlap.⁵¹ One SFA we visited planned its menus for schools serving students in both groups to generally provide a calorie total in-between the two ranges, which is not in compliance with requirements and may have left older students feeling hungry after lunch.

⁵⁰ USDA's regulations specify the minimum and maximum weekly number of ounces of meats, cheese, or other meat alternates and the minimum and maximum weekly number of ounces of grains to be served with lunch, which differ by grade level. The regulations also specify the minimum number of ounces of meats and grains that must be served each day but do not specify the maximum number of ounces of meat and grains allowed to be served each day.

⁵¹ While the grades K-5 and 6-8 average daily calorie ranges for school lunches overlap at 550-650 and 600-700, the grades 6-8 and 9-12 ranges, which are 600-700 and 750-850, do not. The Institute of Medicine report that recommended these ranges used data-based methods to provide a basis for the calculation of appropriate values for mean total daily calorie requirements for students in the three grade groups. Specifically, the report indicates that calorie range recommendations are based on reference growth chart data for healthy weights and heights, objective data on physical activity, and data on how calories are distributed among meals and snacks consumed by schoolchildren.

USDA temporarily provided SFAs some flexibility to help address these challenges, and we recommended in our June 2013 testimony that the department take additional steps. Specifically, in response to feedback from states and SFAs regarding operational challenges caused by the meat and grain maximums, USDA lifted the maximums temporarily—first in December 2012 for school year 2012-2013 and then in February 2013 for school year 2013-2014.⁵² USDA indicated that they provided these flexibilities in response to the challenges they had heard about, and they did not see a problem making the temporary changes because the new lunch content standards include other requirements that also limit portion sizes. In our June 2013 testimony, we recommended that USDA permanently remove the weekly meat and grain maximums, and in January 2014, USDA issued regulations that remove the requirement for SFAs to comply with these maximums.⁵³ We also recommended in our testimony that USDA provide flexibility to help SFAs comply with the lack of overlap in the calorie ranges for the 6-8 and 9-12 grade groups. While USDA generally agreed with the recommendation, the department has not yet taken action to address that issue.

SFAs we visited also discussed other challenges they faced planning lunch menus that complied with the new requirements in school year 2012-2013. For example, officials from five SFAs noted that the requirements sometimes led them to serve meals they would not otherwise have planned because the specific food combinations are generally not served together as a meal. For example, one SFA served saltine crackers and croutons with certain salads to meet the minimum daily grain requirement and a cheese stick with shrimp to meet the minimum daily meat requirement. Several SFA directors and school food service managers also noted that the new requirements made it very difficult to make substitutions if they ran out of a particular menu item, because serving alternative food items in one day's lunch may result in the week's lunches exceeding the meat or grain limits or failing to include vegetables from all five sub-groups.

⁵² See USDA, "SP 11-2013, FNS Guidance to School Food Authorities: Flexibility in the Meat/Meat Alternate and Grain Maximums for School Year 2012-2013" (Alexandria, VA: Dec. 7, 2012) and USDA, "SP 26-2013, Extending Flexibility in the Meat/Meat Alternate and Grains Maximums for School Year 2013-2014" (Alexandria, VA: Feb. 25, 2013).

⁵³ Certification of Compliance With Meal Requirements for the National School Lunch Program Under the Healthy, Hunger-Free Kids Act of 2010, 79 Fed. Reg. 325 (Jan. 3, 2014) (codified at 7 C.F.R. pt. 210).

Another factor that complicated school year 2012-2013 menu planning in the SFAs we visited was food procurement. Three of the SFAs we visited noted that because food orders for school year 2012-2013 were placed in the initial months of 2012—at the same time that guidance on the new requirements was being issued—they procured foods without knowing what was required. Consequently, one SFA ordered more meat and poultry than was needed for the year, and another SFA inadvertently ordered foods that were not in compliance with the new requirements.⁵⁴ Several SFA officials in districts we visited also mentioned that it was difficult to obtain from vendors certain food products that met the new requirements. For example, one SFA had difficulties obtaining the fresh produce it wanted to serve with lunches because of the increase in volume needed to comply with the new requirements. Further, three SFAs had challenges obtaining grain options from vendors that met portion size or whole grain requirements and were palatable to students. In three of the SFAs we visited, staff were still working with vendors during the school year to obtain food products needed to comply with requirements. SFA officials in some of the districts we visited and representatives from a group of food manufacturers and related industries we spoke with indicated that they had too little time between issuance of the final regulations and required implementation to reformulate food products to comply with the new lunch requirements. Further, after some products were reformulated, the temporary flexibilities that USDA provided for the meat and grain portion size requirements left industry experiencing difficulties forecasting demand, which led to food production, inventory, and storage challenges. In one school we visited, food service staff experienced related challenges at the end of school year 2012-2013, as several items on the school's lunch menu were no longer being produced by vendors who were waiting for more certainty from USDA on the meat and grain requirements.

According to SFA staff in all eight districts we visited, the workload for food service staff increased because of the new lunch requirements, and officials in some of the SFAs also noted that the requirements created new food storage and kitchen equipment challenges. School food service staff in all eight districts noted that workload increased primarily because

⁵⁴ USDA recognized that these types of food procurement issues would likely occur in school year 2012-2013, and the department issued guidance in August 2012 that provided suggestions for the use of already procured foods, as well as those on order, that may not easily fit into the new lunch content and nutrition requirements.

of the need to prepare more fruits and vegetables each day to meet requirements. (See fig. 9.) In two of the smallest districts we visited, the increased workload in this area required staff reorganizations in which staff previously responsible for baking began helping to prepare fruits and vegetables. Staff in one SFA noted that the increased amount of time and effort to prepare fruits and vegetables also led to morale issues when staff saw students throw the fruits and vegetables in the trash. Further, two SFAs that chose to increase their use of fresh produce in lunches, rather than relying on canned or frozen products, reported that this required more frequent deliveries of these foods because of limited food storage capacity on-site in the schools. In one of these SFAs, the more frequent deliveries resulted in increased costs from the supplier, and in the other, they seemed to increase the likelihood of workplace injuries related to unloading and lifting. In addition to the need for more food storage space in schools, some SFAs we visited discussed new kitchen equipment needs that resulted from the changes to the lunch requirements, such as the need for new spoons and ladles to match the new portion size requirements, and food choppers and other equipment used for preparing fruits and vegetables to be served.⁵⁵

⁵⁵ Similarly, a national survey of SFAs conducted in late 2012 estimated that 31 percent of SFAs nationwide needed additional kitchen equipment to comply with the new lunch requirements in school year 2012-2013. See The Pew Charitable Trusts and the Robert Wood Johnson Foundation, *Serving Healthy School Meals: Despite Challenges, Schools Meet USDA Meal Requirements* (September 2013).

Figure 9: Examples of the Variety of Fruits and Vegetables Offered with Lunches in the Districts We Visited



Portions of fruits and vegetables, including applesauce, kiwi, oranges, broccoli, and cauliflower, were offered in plastic cups to elementary school students with lunch.



Fruit and vegetable options offered to elementary school students with lunch included a pre-packaged lettuce salad, bags of baby carrots, and cups of mixed fruit.



This salad bar, which was offered to middle school students with lunch, includes several different types of diced vegetables.

Source: GAO.

Some Areas Are Expected to Be Less Challenging for SFAs in the Future

As SFAs, food service staff, and students adjust to the new lunch requirements, it is likely that some challenges that arose during implementation of the new requirements in school year 2012-2013 will become less problematic. For example, fewer states reported that they expect menu planning, including the required portion sizes for lunch components and calorie ranges for lunches, to challenge their SFAs in school year 2013-2014 than reported these areas as challenges in school year 2012-2013.⁵⁶ Although many states expect these areas to continue to be challenging, the flexibilities USDA recently made permanent related to the meat and grain portion size requirements should help ease menu planning moving forward.

As more time elapses, food manufacturers expect the availability of foods that comply with the new requirements and are palatable to students to increase, easing SFA challenges with food procurement and plate waste. Food manufacturers we spoke with reported that they spent school year 2012-2013 focused primarily on reformulating food products to comply with the new lunch requirements. They added that because of the short timeframes between the issuance of the requirements for lunches and implementation, they did not have as much time to focus on food palatability, but as time elapses, they may have more time to do so. Further, both research and the experiences of some of our site visit districts suggest that students will likely adjust to the new lunch menus with time, which should result in decreased plate waste. While many states expect managing plate waste and food procurement to challenge their SFAs in school year 2013-2014, a greater number of states reported these areas as challenges for their SFAs in school year 2012-2013.⁵⁷

In contrast, other areas may continue to be challenges in the future, including those related to costs and infrastructure. In our survey, a similar number of states reported that they expect their SFAs will be challenged

⁵⁶ In our state survey, 39 states reported that they expect menu planning to be a challenge in school year 2013-2014 (down from 47 in school year 2012-2013), 35 reported that they expect the required portion sizes to be challenges in school year 2013-2014 (down from 46 in school year 2012-2013), and 34 reported that they expect the calorie ranges to be challenges in school year 2013-2014 (down from 43 in school year 2012-2013).

⁵⁷ In our state survey, 40 states reported that they expect plate waste to be a challenge in school year 2013-2014 (down from 48 in school year 2012-2013) and 34 reported that they expect food procurement to be a challenge in school year 2013-2014 (down from 41 in school year 2012-2013).

by food costs and food storage or kitchen equipment in school year 2013-2014 as were challenged by those areas in school year 2012-2013.⁵⁸

Some of the SFAs we visited also suggested that these areas will likely be ongoing challenges. To try to remedy storage challenges, one SFA we visited had developed plans to expand coolers and freezers on-site in schools, which was not an option in another SFA we visited due to facility and resource constraints. A third SFA's plans to remodel the kitchen and serving lines in its largest school were put on hold because of the negative financial impact the SFA experienced in part because of the new lunch requirements. Overall, future costs were particularly concerning to some of the SFAs we visited. For example, officials in four SFAs expressed concerns about remaining financially solvent after the new requirements for school breakfasts or competitive foods are implemented, as some expect the breakfast changes to increase costs and the competitive foods changes to decrease revenues.⁵⁹

Moving forward, states and SFAs also expressed concerns about the federally-required sodium limits for school lunches. The first of three sodium limits must be met beginning in school year 2014-2015. Many of the SFAs we visited noted that these limits will likely present a significant menu planning challenge, primarily because many of the foods available from manufacturers do not yet comply with these limits and students may not accept foods that meet the limits. These concerns were echoed by officials we spoke with in four states, with some noting that it will be very difficult for food manufacturers to make foods that meet the limits and are palatable to students. USDA has acknowledged that complying with the new limits will be a significant challenge that will require new technology and food products, and they have explained that these issues were considered when the department decided to require sodium to be reduced gradually over 10 years.

⁵⁸ In our state survey, 45 states reported that they expect food costs to be a challenge in school year 2013-2014 (compared to 47 in school year 2012-2013) and 27 reported that they expect food storage and kitchen equipment to be a challenge in school year 2013-2014 (compared to 26 in school year 2012-2013).

⁵⁹ New school breakfast content and nutrition standards were required to be implemented by SFAs generally at the beginning of school year 2013-2014, while the new competitive foods standards are required to be implemented at the beginning of school year 2014-2015.

During our site visits to eight SFAs, many also expressed concerns about the future nutrition standards for competitive foods, and these concerns were not fully addressed in USDA's interim final rule on the standards. At the time of our visits, SFAs expressed concerns that certain aspects of USDA's proposed rule on the standards would be challenging to implement, if finalized.⁶⁰ For example, officials from seven of the eight SFAs we visited expressed concerns about what they viewed as a lack of clarity regarding how the nutrition standards for competitive food sales administered by entities other than the SFA would be enforced. Officials from five of the SFAs we visited also expressed concerns about the provision that would allow states discretion to exempt certain fundraisers from the standards, because such exemptions may result in inequitable treatment and put the SFA at a competitive disadvantage relative to other food sales within a school. USDA's interim final rule on the competitive food standards, issued in June 2013,⁶¹ requires school districts and SFAs to maintain records documenting compliance with the competitive food standards, and indicates that states and school districts will be responsible for ensuring compliance. However, it notes that forthcoming rules will describe state oversight requirements and fines for noncompliance. In addition, although USDA received many comments requesting that the department approve state decisions on fundraiser exemptions,⁶² the interim final rule does not require USDA approval of state decisions.

⁶⁰ National School Lunch Program and School Breakfast Program: Nutrition Standards for All Foods Sold in School as Required by the Healthy, Hunger-Free Kids Act of 2010, 78 Fed. Reg. 9530 (proposed Feb. 8, 2013).

⁶¹ National School Lunch Program and School Breakfast Program: Nutrition Standards for All Foods Sold in School as Required by the Healthy, Hunger Free Kids Act of 2010, 78 Fed. Reg. 39,068 (June 28, 2013) (to be codified at 7 C.F.R. pts. 210 and 220). The competitive food standards included in the interim final rule are generally required to be implemented at the beginning of school year 2014-2015.

⁶² In the preamble to the interim final rule, USDA reported that approximately 800 commenters expressed support for USDA approval of states' decisions regarding the frequency of exempted fundraisers, citing that this would better ensure consistent application of nutrient standards across all fundraisers. In contrast, USDA reported that approximately 85 commenters expressed support for states making these decisions without USDA approval.

USDA's Assistance Efforts Were Substantial, but Certain Aspects of USDA's Guidance May Hinder State Oversight of Compliance

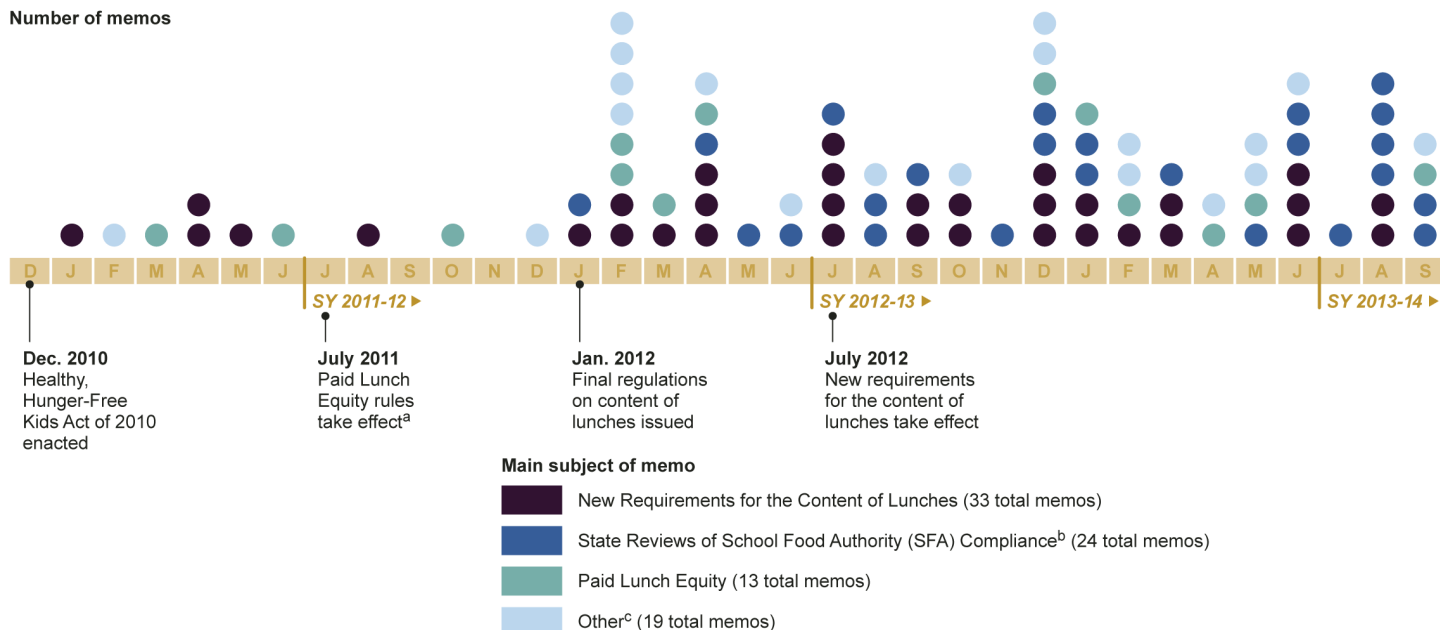
USDA Provided a Substantial Amount of Guidance and Training in a Short Time, Which Was Both Useful and Challenging for States and SFAs

USDA provided a substantial amount of guidance and training to assist states and SFAs in complying with the required changes to school lunch, which states indicated was useful. According to USDA officials, the department's assistance effort has been unprecedented. From January 2011—the month after the Healthy, Hunger-Free Kids Act of 2010 was enacted—through September 2013, USDA issued about 90 memos to provide guidance to states and SFAs on the new requirements for the content of school lunches and paid lunch equity. (See fig. 10.) Most of the memos (85 percent) addressed the new requirements for lunch content and nutrition standards, as well as related issues such as food procurement and state review of SFA compliance with the lunch requirements. The remaining 15 percent of the memos addressed the paid lunch equity requirements. Over the past few years, USDA also provided training through several venues to help states and SFAs implement the changes. For example, USDA officials convened webinars and in-person trainings for states, participated in webinars and national conferences for SFAs, and worked with the National Food Service Management Institute to provide additional training and resources.⁶³ USDA's regional offices also provided training to states. In addition, as the changes were implemented in school year 2012-2013, USDA officials reported that they conducted an extensive amount of travel to visit school

⁶³ The National Food Service Management Institute was established by law in 1989 and funded at the University of Mississippi in 1991 by a grant administered through the USDA. The Institute's mission is to provide information and services that promote the continuous improvement of child nutrition programs.

districts around the country to see how their efforts to implement the changes were progressing and to obtain feedback on additional assistance needed. All states reported that USDA’s guidance and training were useful as the new school lunch requirements were implemented. Further, over half of the states reported that USDA’s guidance was very useful or extremely useful, and officials from seven of the eight states we interviewed as part of our site visits expressed appreciation for USDA’s efforts to respond to issues that arose as changes were implemented.

Figure 10: USDA Memos Issued to Provide Guidance on the New Requirements for the Content of School Lunches and Paid Lunch Equity, Jan. 2011-Sept. 2013



Source: GAO analysis of USDA guidance.

^a Paid lunch equity requirements, as well as the milk and water lunch content requirements, were required to be implemented by SFAs in school year 2011-2012.

^b In order to assist state efforts to certify SFA compliance in school year 2012-2013, USDA issued multiple tools through a guidance memo in May 2012 and then made additions and changes to those tools several times throughout the school year. Because the figure includes all versions of guidance memos by the date they were issued, and these updated tools were not provided with a revised guidance memo, these revised tools are not included in the figure.

^c “Other” guidance memos include those that address procurement of foods by SFAs for school lunches and state administrative funds. USDA provides states with administrative funds annually to assist their efforts to administer and oversee the National School Lunch Program, and the Healthy, Hunger-Free Kids Act of 2010 provided additional funds for fiscal years 2012 and 2013 intended to provide states with additional resources to assist SFAs efforts to improve the quality of school meals provided to children and come into compliance with the new requirements.

In contrast, some states and SFAs noted that the relatively short timeframes within which the lunch requirements were implemented made it difficult to keep up with the extensive amount of guidance provided by USDA. In the 18 months from January 2012—the month in which the final rule on the changes to the lunch content and nutrition standards was issued—through the end of school year 2012-2013, USDA issued 1,800 pages of guidance on these changes.⁶⁴ Several SFAs we visited noted that keeping up with the extensive amount of guidance was difficult during school year 2012-2013 because they were simultaneously implementing the lunch changes. In addition, 32 states reported through our survey that the timing of USDA's guidance on the new lunch requirements was a very great challenge or extreme challenge during school year 2012-2013⁶⁵—a response echoed by most of the states we spoke with as part of our eight site visits. For example, officials in one state reported that the guidance providing SFAs with flexibility on the meat and grain maximums was provided too late in school year 2012-2013 to be helpful, as SFAs had already planned menus and trained food service staff on the new meat and grain requirements. Further, because of the fast pace with which USDA provided guidance on the new lunch requirements, officials from four states said that the department's regional offices were sometimes unable to answer state questions on the guidance. While six of the eight states we spoke with as part of our site visits commended the efforts that the regional offices took to help states understand the new lunch requirements, some noted that regional offices learned about the requirements at the same time as states. Because of this, regional office staff were not always able to answer state questions on the guidance, and states had to instead wait for USDA headquarters' staff to respond. USDA officials told us that while they recognize that the lunch changes

⁶⁴ This is a subset of the guidance that we analyzed. This estimate includes guidance that directly addressed the lunch content and nutrition standards, state review of SFA compliance with those standards, and related areas, such as food procurement. Because USDA has issued multiple manuals and tools to assist state efforts to review SFA compliance with the new lunch requirements, almost two-thirds of the total guidance pages are related to this area.

⁶⁵ States' responses to our survey suggest that the timing of USDA's guidance on the School Breakfast Program changes required in school year 2013-2014 may have also been challenging. Specifically, states responded to our survey in June and July 2013, which coincided with the beginning of school year 2013-2014. At that time, the majority of states reported a need for more guidance and training on the School Breakfast Program meal patterns and nutrition standards.

were defined and implemented rather quickly, this was necessary because of the importance of improving school meals.

Almost two-thirds of states also reported through our survey that the changes USDA made to its guidance on the lunch requirements were a very great challenge or extreme challenge during school year 2012-2013. According to our analysis, 40 percent of the guidance memos issued by USDA on the new requirements for the content of school lunches and paid lunch equity from January 2011 through September 2013 contained new flexibilities not included in federal regulations or substantive changes to previously issued guidance, which were to be enforced either temporarily or permanently.⁶⁶ (See fig. 11.) According to USDA's general counsel, the department felt that it was important to provide such flexibilities to help ease the implementation process, although the guidance is technically non-binding and does not modify statutory or regulatory requirements. For example, USDA issued several guidance memos from February through December 2012 that added flexibilities related to the fruit, milk, meat, and grain components of lunches, which had not been included in the January 2012 final regulations. Further, some guidance memos either substantively changed or contradicted aspects of previously issued memos. For example, in a February 2012 guidance memo, USDA indicated that frozen fruit served with lunches was not allowed to contain added sugar after school year 2012-2013.⁶⁷ However, in memos issued in September 2012 and June 2013, the department indicated that fruit with added sugar would be allowed in

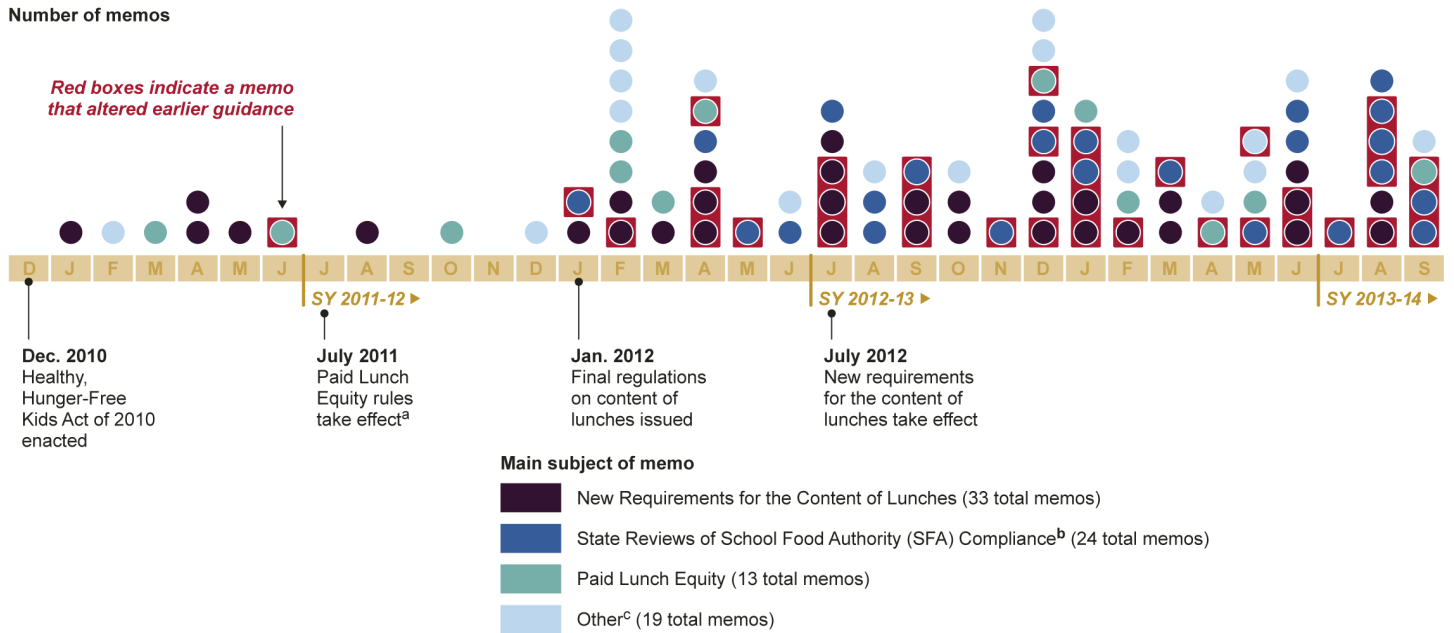
⁶⁶ This includes memos that substantively changed or contradicted previous explanations of requirements, and it does not include memos that solely provided additional clarification of requirements. Further, because we analyzed guidance memos, the 40 percent does not include additions and changes to the tools USDA provided states to assist their efforts to certify SFA compliance in school year 2012-2013. While these tools were changed multiple times during school year 2012-2013, the updated tools were not provided to states with a revised guidance memo. See App. I for more information on our analysis of USDA guidance.

⁶⁷ See USDA, "SP 20-2012, Frozen Fruit Products and Nutrition Standards in the National School Lunch and School Breakfast Programs" (Alexandria, VA: Feb. 24, 2012).

school years 2013-2014 and 2014-2015, respectively.⁶⁸ While state and SFA officials we spoke with noted that some of these changes were likely made by USDA to respond to problems SFAs were having implementing the new lunch requirements, the guidance changes were difficult to keep up with and led to increased confusion about the requirements. Further, officials in six of the states we interviewed as part of our site visits reported that the changes USDA made to its guidance also frustrated SFAs or complicated training on the new lunch requirements. Officials from three states we spoke with as part of our site visits also reported that changes might have been avoided if USDA had piloted or phased in the new requirements more slowly, which suggests that the challenges states and SFAs experienced because of the lack of timely and consistent guidance from USDA in school year 2012-2013 may become less problematic over time. USDA officials told us that their assistance efforts, and the changes made to guidance, reflected the department's recognition that the process needed to be iterative, as unexpected issues with the requirements would likely arise as the new lunch standards were implemented in the schools.

⁶⁸ See USDA, "SP 20-2012-Revised, Frozen Fruit Products and Nutrition Standards in the National School Lunch and School Breakfast Programs" (Alexandria, VA: Sept. 11, 2012) and USDA, "SP 49-2013, "Frozen Fruit Products in the National School Lunch and School Breakfast Programs in School Year 2014-2015" (Alexandria, VA: June 25, 2013). In addition, in January 2014, USDA issued regulations that permanently remove the requirement for SFAs to serve frozen fruit that does not contain added sugar. Certification of Compliance With Meal Requirements for the National School Lunch Program Under the Healthy, Hunger-Free Kids Act of 2010, 79 Fed. Reg. 325 (Jan. 3, 2014) (codified at 7 C.F.R. pt. 210).

Figure 11: USDA Memos that Provided Flexibilities Related to Federal Regulations or Changed Previous Guidance on the New Requirements for the Content of School Lunches and Paid Lunch Equity, Jan. 2011-Sept. 2013



Source: GAO analysis of USDA guidance.

^a Paid lunch equity requirements, as well as the milk and water lunch content requirements, were required to be implemented by SFAs in school year 2011-2012.

^b In order to assist state efforts to certify SFA compliance in school year 2012-2013, USDA issued multiple tools through a guidance memo in May 2012 and then made additions and changes to those tools several times throughout the school year. Because the figure includes all versions of guidance memos by the date they were issued, and these updated tools were not provided with a revised guidance memo, these revised tools are not included in the figure.

^c "Other" guidance memos include those that address procurement of foods by SFAs for school lunches and state administrative funds. USDA provides states with administrative funds annually to assist their efforts to administer and oversee the National School Lunch Program, and the Healthy, Hunger-Free Kids Act of 2010 provided additional funds for fiscal years 2012 and 2013 intended to provide states with additional resources to assist SFAs efforts to improve the quality of school meals provided to children and come into compliance with the new requirements.

USDA Has Emphasized State Assistance to SFAs, but USDA Guidance Changes and Gaps May Hinder State Oversight of SFA Compliance

While SFAs transition to the new lunch requirements, USDA has emphasized the importance of state assistance in helping SFAs comply. According to the Standards for Internal Control in the Federal Government,⁶⁹ federal agencies should have policies and practices in place to provide reasonable assurance that programs are operated in compliance with applicable laws and regulations. To this end, USDA officials told us that they directed states to work with SFAs to achieve compliance with the new lunch requirements during school year 2012-2013. Nationwide, 45 states reported that they used the additional administrative funds they received for fiscal year 2013 to conduct training for SFAs and provide technical assistance to SFAs.⁷⁰ In addition, many states reported using these funds to certify SFA compliance with the new meal requirements and conduct required validation reviews of a sample of those certified.⁷¹ Officials in all eight of the states we spoke with as part of our site visits reported that they provided extensive guidance and assistance to SFAs to help them understand and implement the new lunch requirements and become certified as in compliance with the requirements.

Although SFAs likely needed and benefited from state assistance as they worked to implement the new lunch requirements, USDA's emphasis on assistance, combined with new financial incentives for compliance, may have led to incomplete identification and documentation of SFA noncompliance. For many years, states have conducted administrative reviews of SFAs and observed lunches in schools in order to assess SFA compliance with federal requirements. In the past, USDA consistently noted the importance of these reviews for ensuring the integrity of the National School Lunch Program, as the review process requires that noncompliance be addressed. Under this process, instances of SFA noncompliance are required to be documented and lead to a corrective

⁶⁹ [GAO/AIMD-00-21.3.1](#).

⁷⁰ While USDA provides states with administrative funds annually to assist their efforts to administer and oversee the National School Lunch Program, the Healthy, Hunger-Free Kids Act of 2010 provided for states to receive additional administrative funds in fiscal years 2012 and 2013. These funds were intended to provide states with additional resources to assist SFAs efforts to improve the quality of school meals provided to children and come into compliance with the new requirements.

⁷¹ The Healthy, Hunger-Free Kids Act of 2010 required USDA to provide additional reimbursement for each lunch served in SFAs certified by states as in compliance with the new requirements for the content of school lunches beginning October 1, 2012.

action plan and follow-up to ensure issues are addressed. In addition, the documentation of issues has also provided federal and state officials with information on areas for which additional assistance may be needed across SFAs. During school year 2012-2013, however, states were generally not required to conduct administrative reviews. Rather, states were to assist SFA efforts to comply with the new lunch requirements. Further, states were required to provide SFAs certified as in compliance with the new requirements an extra 6 cents of federal reimbursement for each lunch served and conduct on-site validation reviews in a sample of the certified SFAs. USDA officials reported that they considered the added funds to be an important way to offset the extra costs SFAs incurred as they made the required changes to lunches. However, while the certification and validation process likely helped SFAs understand the new requirements and obtain the additional reimbursement to help with compliance, unlike the administrative review process, states were not required to fully document issues of noncompliance they identified. For example, officials in two states we spoke with noted that USDA instructed them to work with SFAs during the certification process and during validation reviews of those certified, rather than strictly enforce requirements.⁷² This is consistent with USDA's guidance, which emphasized the provision of assistance during the certification process and validation reviews to help SFAs become compliant. However, because states were generally not required to document noncompliance issues that arose during the certification process or validation reviews, SFAs may not have developed or documented corrective action plans taken to address them.⁷³ As a result, SFAs may not have adequate information on the types of ongoing compliance issues and the need to take corrective actions. Moreover, USDA has limited information on the extent to which SFAs are facing similar difficulties complying with the new

⁷² This emphasis on assisting SFA efforts to comply and become certified appears to have been strengthened by at least one USDA regional office, as one state told us it was directed not to deny an SFA's certification without first sending the SFA's paperwork to the regional office for review.

⁷³ While documentation of noncompliance issues was not required during the certification process or during most validation reviews, USDA's guidance directed states that found significant noncompliance in specified areas during a validation review to transition the review to a focused administrative review. These reviews include documentation of noncompliance issues and require corrective action plans.

requirements, which could be the focus of future federal technical assistance efforts.⁷⁴

National data, as well as our conversations with states and visits to schools, suggest that some instances of SFA noncompliance may not have been fully documented while the new lunch requirements were being implemented. We and others have reported that SFAs experienced significant challenges implementing the new lunch requirements during school year 2012-2013, and several state officials we spoke with as part of our site visits told us that SFAs often needed a lot of state assistance to move forward with the new requirements, also suggesting that SFAs faced significant challenges fully complying. However, national data suggest that these challenges affected few SFAs' certifications.⁷⁵ Specifically, 82 percent of SFAs nationwide applied to be certified as in compliance with the new lunch requirements during school year 2012-2013,⁷⁶ and states denied 1 percent of SFAs that applied. (See fig. 12.) National data on the results of state validation reviews of SFAs show similar outcomes, as 1 percent of SFAs had the extra federal reimbursement stopped by their states because of noncompliance issues found during these reviews. When reviewing the certification and validation results by state, we found that 25 states did not deny any SFAs that applied for certification and validated all SFAs reviewed. While states reported that they were unable to validate compliance in an additional 4 percent of SFAs reviewed nationwide, states did not stop these SFAs from continuing to receive the extra federal reimbursement, possibly

⁷⁴ USDA officials told us that they collected information on challenges SFAs faced complying with the new lunch requirements in school year 2012-2013 through the Special Nutrition Program Operations Study. One of the goals of this study is to analyze the information obtained from a nationally representative sample of SFAs in order to provide technical assistance. While this study provides self-reported information on SFA challenges, it does not include information on SFA noncompliance.

⁷⁵ Because the certification and validation process did not require states to document issues of noncompliance, the extent to which noncompliance issues occurred in SFAs is unknown.

⁷⁶ Three of the eight SFAs we visited had not applied to be certified as in compliance with the new lunch requirements at the time of our visits in spring 2013. Two of these SFAs operated in the smallest school districts we visited, and both had previously used the nutrient standard menu planning approach for lunches, rather than the food-based menu planning approach—characteristics that created additional challenges for implementation. The remaining five SFAs we visited had all been certified by their states as in compliance with the new lunch requirements at the time of our visits.

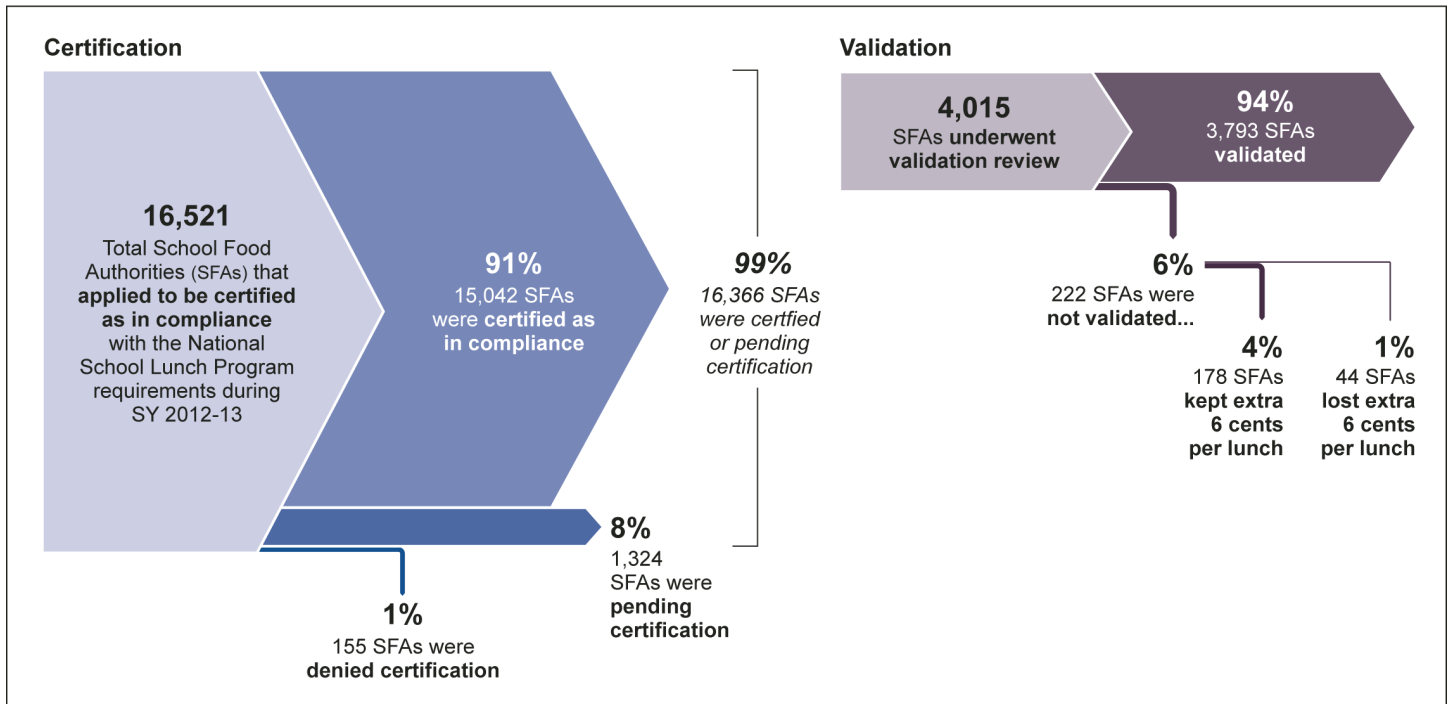
because of changes in USDA guidance during school year 2012-2013.⁷⁷ One state told us that it interpreted USDA's guidance to mean that the state should not stop an SFA from receiving the extra federal reimbursement even when it was unclear if issues of noncompliance found during a validation review would be fully addressed by the SFA.⁷⁸ In another state, we obtained evidence that some of the lunch menus in an SFA we visited may not have been fully in compliance with the new requirements, though the SFA was certified and validated, and in two additional certified SFAs we visited, we observed practices in schools that were inconsistent with the new requirements.⁷⁹ While five of the eight SFAs we visited had been certified to be in compliance with the new requirements at the time of our site visits, the possible noncompliance issues in three of these five SFAs indicate the difficulty of ensuring proper implementation of the lunch changes in all of an SFA's schools, particularly during the first year that changes were required.

⁷⁷ USDA's guidance on validation reviews and the extra federal reimbursement substantively changed during school year 2012-2013. In initial guidance provided in July 2012, states were instructed to stop the extra federal reimbursement to SFAs not validated to be in compliance with the lunch requirements unless the compliance issues could be fixed immediately. Later, in January 2013, USDA guidance indicated that states could continue to allow an SFA that could not be validated during the review to receive the extra federal reimbursement, if immediate corrective action occurred or if the SFA agreed to take the appropriate corrective action. The January 2013 guidance added that the extra federal reimbursement should only be stopped in cases of "significant noncompliance," which were also described as cases "where the problem is severe or intentional."

⁷⁸ In another state, a state official told us that reviewers found many compliance problems during SFA validation reviews; however, that state reported through our survey that all SFAs it reviewed were validated.

⁷⁹ For example, in one school, we observed several students whose lunches were counted as eligible for federal reimbursement at the point of sale, but the lunches did not include a fruit or vegetable. Federal regulations require all lunches served to include a fruit or vegetable, and in order to be eligible for federal reimbursement, lunches need to comply with all federal requirements for the content of lunches.

Figure 12: SFAs Certified and Validated by States as Complying with the New Lunch Requirements in School Year 2012-2013



Source: GAO survey of state child nutrition directors.

Notes: Figure includes data obtained from state child nutrition directors through our survey in June and July 2013. Because school year 2012-2013 ended on June 30, 2013, data provided by states who responded to our survey in June may not reflect the full school year. Validation percentages do not add to 100 due to rounding.

A new 3-year cycle of state administrative reviews of SFAs began in school year 2013-2014, and USDA’s guidance has continued to emphasize the need for states to assist SFAs, which may come at the expense of program integrity. Consistent with USDA’s guidance issued to states in school year 2012-2013 for certification and validation reviews, USDA’s guidance on state administrative reviews in school year 2013-2014 acknowledged that SFAs are in a transition period and set the expectation that states continue to work closely with SFAs to support their efforts to comply with the new lunch requirements. The guidance also indicated that the department believes most SFA noncompliance is likely the result of SFA efforts to understand and implement the new requirements and, as a result, states should continue to provide technical

assistance and training to address issues of noncompliance.⁸⁰ While documenting noncompliance issues and requiring corrective actions to address them have long been a required part of the administrative review process, because these actions were not required in school year 2012-2013, it is unclear if states will systematically follow this approach moving forward. Further, USDA's continued emphasis on state assistance to help SFAs comply may also inadvertently lead to states not consistently documenting SFA noncompliance. Without such documentation, issues of noncompliance will not be fully addressed through corrective actions, and program integrity will be at risk.⁸¹ This has been a long-standing issue for USDA. For example, in 2008, incomplete documentation of compliance concerned USDA, as some states were found to be conducting practice reviews of SFAs to allow them to fix issues of noncompliance before the actual reviews were held. At that time, USDA emphasized to states that practice reviews undermine the integrity of the review process and should be stopped in order to ensure that reviews include full documentation of SFA noncompliance and require all corrective actions be taken. By allowing states to not consistently document noncompliance during school year 2012-2013, and continuing to emphasize assistance in school year 2013-2014, USDA may be setting up a similar situation.

Concerning specific areas assessed by states during administrative reviews, states reported through our survey a need for additional USDA assistance with oversight of SFA financial management. Specifically, nationwide, many states reported a need for additional guidance and training on oversight of SFA financial management and the related areas of paid lunch equity and revenue from non-program foods.⁸² Although federal regulations have long required states to generally ensure that SFAs manage their resources in accordance with requirements, USDA

⁸⁰ For the purposes of fiscal action associated with administrative reviews, guidance indicates that only for instances of "willful and egregious violations" by SFAs may states need to take fiscal action, and only then after states contact their USDA regional offices.

⁸¹ According to *Standards for Internal Control in the Federal Government*, internal control monitoring should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved [GAO/AIMD-00-21.3.1](#).

⁸² In our state survey, 47 and 44 states, respectively, reported that they needed additional guidance or training from USDA on overall SFA financial management; 42 and 35 states, respectively, reported that they needed additional guidance or training from USDA on revenue from non-program foods; and 30 and 24 states, respectively, reported that they needed additional guidance or training from USDA on paid lunch equity.

guidance on state administrative reviews of SFAs previously indicated that SFA financial management was not required to be assessed during these reviews. In contrast, in part because of new requirements in the Healthy, Hunger-Free Kids Act of 2010,⁸³ the new administrative review process announced by USDA in 2013 includes oversight of five areas of SFA resource management and is intended to ensure effective management of school meal programs' resources.⁸⁴ USDA has indicated that traditionally, states developed their own processes for reviewing SFA finances, but the resulting processes were inconsistent and sometimes inadequate. We discussed oversight of this area with six states. The child nutrition director from one state indicated that her staff have been trained on accounting principles in order to review SFA financial management and are therefore ready to implement the new review requirements. However, officials from the other five states expressed concerns about implementing the new requirements in this area. Officials from two states told us that they believe nationwide, states' approaches for reviewing SFA financial management have been very different. For example, in one state, past review of this area consisted of ensuring that the SFA's fund balance at the end of one school year matched its starting fund balance at the beginning of the next school year, while in another state, officials have long employed an outside organization with expertise in this area for these reviews. Because state administrative reviews are the key tool used to ensure the integrity of the National School Lunch Program, if state reviewers are unable to effectively review SFA financial management, the federal government will lack assurance that SFAs are complying with federal requirements in this area—including those added by the Healthy, Hunger-Free Kids Act of 2010.

Although USDA has provided training for states on SFA financial management and is currently in the process of talking with some states

⁸³ The Healthy, Hunger-Free Kids Act of 2010 contained two new revenue requirements related to the prices SFAs set for paid lunches and other foods sold outside of the school meal programs. These provisions were developed, in part, because of a USDA study that found the average prices charged for paid lunches and for other foods by some SFAs were less than the cost of producing those foods. This led to a concern that some SFAs were using federal reimbursements for free and reduced-price meals to subsidize meals and other foods for which they were not intended.

⁸⁴ USDA guidance indicates that these five areas are integral to the financial health of an SFA's school food service. They are: maintenance of the nonprofit school food service account, paid lunch equity, revenue from non-program foods, indirect costs, and USDA foods (commodities).

about oversight of this area, it is unclear if the department has fully addressed all states' information needs. Specifically, USDA provided training for all states in spring 2013 on the new administrative review requirements, including those for SFA financial management.⁸⁵ However, states reported the need for additional assistance in this area through our survey after that training. In late July 2013, USDA provided two additional webinars for states on SFA financial management review requirements, and in December 2013, officials told us that they have been providing ongoing technical assistance in this area to states upon request. Officials added that such requests have been relatively frequent during recent months, which they acknowledge is likely related to the change in requirements for oversight of this area. Further, as part of USDA's larger effort to gather information on states' experiences with the new administrative review process, officials told us in January 2014 that they have been talking with individual states in recent months and asking for their questions and concerns related to all areas of the administrative review process, including SFA financial management. Officials noted that they plan to solicit this information from all states implementing the new administrative review process this year. However, until the department systematically solicits information from all states on their needs related to oversight of SFA financial management, including those that are not currently implementing the new process, the department will not know if all states are fully prepared to oversee this area.

Conclusions

The Healthy, Hunger-Free Kids Act of 2010 required that nutrition standards for school lunches be updated to help reduce childhood obesity and improve children's diets, and evidence suggests that lunches served are now better designed to meet those goals. Although some decreases in student lunch participation and challenges for SFAs occurred in the first year that the lunch changes were implemented, these outcomes are likely related to the substantial scale of the changes and the short time in which they were implemented. As a result, both participation and many of the challenges SFAs faced initially are expected to improve with the passage of time as students and SFAs adjust to the new lunch requirements.

⁸⁵ In addition to the spring 2013 training, USDA officials told us that they have also provided training on indirect costs and other SFA financial management areas in recent years, both through the department's headquarters and regional offices. In part, this was in response to statutory requirements, as the Healthy, Hunger-Free Kids Act of 2010 required USDA to provide indirect cost guidance to SFAs.

Since the act was passed, USDA has focused on the provision of assistance to help SFAs comply with the new requirements. While this emphasis may have been needed given the scope of the changes and the short timeframe for implementation, it alone will not ensure that students nationwide are being served healthier school lunches. Rather, only when government assistance is combined with an emphasis on program integrity will it be possible to ensure that healthier school lunches are served nationwide. The administrative review process has long been key to both addressing issues of noncompliance in the National School Lunch Program and ensuring that federal and state governments have information on areas for which they should target additional assistance to SFAs to improve program compliance. However, even with this process in place, program errors resulting from lunches that did not comply with requirements being served to students have been a long-standing issue. The substantial changes to the lunch requirements, combined with the delays and changes made in federal guidance while the requirements were being implemented, as well as temporary changes to the process through which states reviewed SFA compliance, increase the likelihood that lunches served to students may not meet all of the requirements. In addition, while USDA has developed a new administrative review process, which includes new requirements related to SFA financial management, the review process will not be effective without state understanding of all of the requirements they are responsible for overseeing. Further, because the Healthy, Hunger-Free Kids Act of 2010 included two new provisions that relate to SFA financial management—those addressing paid lunch prices and revenue from foods sold outside of the school meals programs—without effective oversight of SFA financial management by states, neither states nor the federal government will have assurance that SFAs are correctly implementing these requirements. As new requirements are added this year and in the future for the School Breakfast Program and competitive foods, timely and consistent USDA guidance combined with an effective administrative review process are all vital to ensuring successful implementation of the changes to school food and achieving the laudable goal of improving schoolchildren’s diets and health.

Recommendations for Executive Action

To improve program integrity, as USDA moves forward with its new administrative review process, we recommend that the Secretary of Agriculture direct the Administrator for the Food and Nutrition Service to take the following actions:

-
- clarify to states the importance of documenting compliance issues found during administrative reviews and requiring corrective actions to address them, and
 - continue efforts to systematically assess all states' needs for information to improve their ability to oversee SFA financial management and provide assistance to meet identified needs.

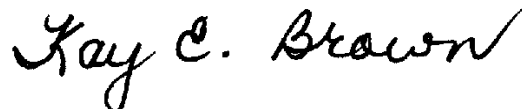
Agency Comments

We provided a draft of this report to USDA for review and comment. In oral comments, the Senior Policy Advisor to the Deputy Administrator for Child Nutrition Programs and other USDA officials generally agreed with our recommendations. These officials also noted that they consider the emphasis on technical assistance associated with school meals implementation in school year 2012-2013 appropriate given that the new meal patterns represented a major transition for local program operators. They also indicated their belief that the level of review associated with the 6-cent certification process, including detailed review of meal pattern documentation and on-site reviews of at least 25 percent of certified SFAs, provides a solid foundation for ongoing oversight of compliance moving forward. Officials also expressed their belief that the new administrative review process, which they developed in collaboration with states, is an effective and efficient monitoring process that will improve program integrity. Further, they noted that their ongoing efforts to assist state efforts to properly implement the new process will help ensure that states are able to effectively review all required areas, including SFA financial management. We agree that the new administrative review process, if properly implemented, could improve program integrity, and as we discuss in the report, we agree that the emphasis on technical assistance likely benefited SFAs as they transitioned to the new lunch requirements. However, we continue to believe that the changes made in oversight requirements during school year 2012-2013 may have left USDA without key information on compliance issues SFAs faced when implementing the changes and may have created confusion among states as to the importance of consistently documenting noncompliance for program integrity. While we also remain concerned that the change in oversight requirements during school year 2012-2013 and the department's continued emphasis on state assistance to SFAs moving forward may inadvertently undercut the effectiveness of the new review process, we see opportunities for USDA to address these issues. Specifically, as USDA continues its efforts to communicate and collaborate with states during their implementation of the new review

process, the department is well-positioned to emphasize the importance of documenting noncompliance for effective program oversight and to provide states with the information they need to effectively review all required areas. USDA officials also provided technical comments, which we incorporated into the report as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Secretary of Agriculture, and other interested parties. In addition, this report will be available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-7215 or brownke@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



Kay E. Brown
Director, Education, Workforce, and Income Security Issues

Appendix I: Scope and Methodology

U.S. Department of Agriculture (USDA)

Participation Data

To assess trends in school lunch participation, we analyzed USDA's national data on meals served in the National School Lunch Program from school year 2000-2001 through school year 2012-2013.¹ Each month, states report to USDA on the FNS-10 form the number of lunches served by category of student—free, reduced-price, and paid—as well as average daily lunches served to all students. These data are used to determine federal reimbursement payments to states. Additionally, in October of each school year, states report to USDA the total number of students enrolled in schools with the National School Lunch Program, as well as the total number of students approved for free and reduced-price meals in that month. Subtracting these students from the total enrolled students provides the number of students required to pay full price for their meals, if they choose to buy them, in schools with the National School Lunch Program.

Although USDA does not collect additional data on the number of students participating in the program each month, the department uses the lunch data it collects to determine the number of students participating in the program. Specifically, USDA adjusts the data on average daily lunches served each month upward to help account for students who participated in the program for a number of days less than all days in the month. To make this adjustment, USDA uses an estimate of the proportion of students that attend schools daily nationwide.²

To analyze participation in the National School Lunch Program, we reviewed USDA's data on meals served and students enrolled, as well as the department's methodology for determining student participation, and

¹ These data include lunches served in public and private schools and residential child care institutions in the 50 states, the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands, and the U.S. Department of Defense's military bases.

² USDA divides the data reported for average daily lunches by an attendance factor of 0.927 to estimate monthly lunch participation. USDA officials said this methodology has been in place for many years and the attendance factor was historically derived. We determined that this attendance factor is similar to average daily attendance data published annually by the U.S. Department of Education.

determined these data and the method to be sufficiently reliable for the purposes of this report. Specifically, we interviewed USDA officials to gather information on the processes they use to ensure the completeness and accuracy of the school lunch data, reviewed related documentation, and compared the data we received from the department to its published data. To determine school year participation from these data, we relied on 9 months of data—September through May—for each year.³ To determine the participation rate, we divided the number of students participating per month by the total number of students enrolled in schools with the program. We followed the same approach to determine the participation rates for students receiving free and reduced-price lunches, as well as those who paid full price for their lunches.

Guidance Documents

To understand the scale and scope of assistance USDA has provided to states and SFAs, we analyzed guidance memos USDA issued from January 2011—the month after the Healthy, Hunger-Free Kids Act was enacted—through September 2013. We reviewed all guidance memos issued to states during this time period and further analyzed those that provided guidance addressing the new requirements for the content of school lunches, including related issues such as food procurement and state review of SFA compliance with the lunch content requirements, as well as those addressing the paid lunch equity requirements. These memos included the department’s policy and technical assistance memos, as well as other relevant guidance memos that were not designated in one of those categories. For guidance memos that were released in multiple versions, we considered each version to be a separate piece of guidance.⁴ We categorized the guidance memos by their primary topic and analyzed their content to determine whether they clarified regulations, provided new flexibilities related to requirements included in federal regulations, or substantively changed previously-issued guidance. We also assessed the number of pages included in each document, defined as the number of digital pages for each guidance

³ On its public website, USDA reports annual school lunch participation based on fiscal year rather than school year.

⁴ USDA issued several policy memos with multiple versions during the time period assessed. For example, USDA issued seven versions of a key policy memo addressing the lunch content and nutrition requirements during this time period. Each version of this policy memo made substantial additions to the version previously issued, with the versions increasing in length from 11 to 64 pages.

document, including attachments. In the case of spreadsheet files, we counted each worksheet within the file as a single page. We did not conduct an independent legal analysis of these guidance memos.

Survey of States

To obtain information on state efforts related to implementation of the new school lunch content and nutrition requirements, we conducted a national survey of state child nutrition directors who oversee the National School Lunch Program in the 50 states and the District of Columbia.⁵ We administered our Web-based survey between June and July 2013, and all state directors responded. The survey included questions about SFA challenges with the new lunch requirements, state use of administrative funds, and USDA assistance to states. The survey also requested data on SFAs and schools participating in the program, SFAs that left the program in school year 2012-2013, and state certification and validation of SFAs in compliance with the new requirements.

Because separate agencies oversee the administration of the National School Lunch Program in public and private schools in five states, we surveyed both agencies in each of these states. These five states are Arkansas, Colorado, Georgia, Oklahoma, and Virginia. In two of these states, separate state agencies oversee public and private schools administering the program, while in the remaining three, private schools administering the program are overseen by the relevant FNS regional office. For these five states, when analyzing survey results for questions with numerical responses, we combined the answers from entities overseeing both public and private schools in order to represent the state as a whole. For all other questions, such as those concerning SFA challenges with the lunch requirements, we reported responses from the agency overseeing the program in public schools because those agencies represented the majority of schools with the program in these states.

Because this was not a sample survey, there are no sampling errors. However, the practical difficulties of conducting any survey may introduce nonsampling errors, such as variations in how respondents interpret

⁵ Although the National School Lunch Program is also provided in schools in Guam, Puerto Rico, the U.S. Virgin Islands, and the U.S. Department of Defense's military bases overseas, we did not survey child nutrition program directors overseeing the program in those schools.

questions and their willingness to offer accurate responses. We took steps to minimize nonsampling errors, including pretesting draft instruments and using a Web-based administration system. Specifically, during survey development, we pretested draft instruments with child nutrition directors from three states (Louisiana, Texas, and Virginia) in May 2013. We selected the pretest states to provide variation in state school lunch program characteristics and geographic location. In the pretests, we were generally interested in the clarity, precision, and objectivity of the questions, as well as the flow and layout of the survey. For example, we wanted to ensure definitions used in the surveys were clear and known to the respondents, categories provided in closed-ended questions were complete and exclusive, and the ordering of survey sections and the questions within each section were appropriate. We revised the final survey based on pretest results. Another step we took to minimize nonsampling errors was using a Web-based survey. Allowing respondents to enter their responses directly into an electronic instrument created a record for each respondent in a data file and eliminated the need for and the errors associated with a manual data entry process. To further minimize errors, programs used to analyze the survey data were independently verified to ensure the accuracy of this work.

While we did not fully validate specific information that states reported through our survey, we took several steps to ensure that the information was sufficiently reliable for the purposes of this report. For example, we reviewed the responses and identified those that required further clarification and, subsequently, solicited follow-up information from those respondents via email and phone to ensure the information they provided was reasonable and reliable. In our review of the data, we also identified and logically fixed skip pattern errors for questions that respondents should have skipped but did not. On the basis of these checks, we believe our survey data are sufficiently reliable for the purposes of our work.

Site Visits

To gather information from the local level on implementation of the new lunch content and nutrition requirements, we conducted site visits to eight school districts across the country between March and May 2013. The school districts we visited were: Caddo Parish Public Schools (LA), Carlisle Area School District (PA), Chicago Public Schools (IL), Coeur d'Alene School District (ID), Fairfax County Public Schools (VA), Irving Independent School District (TX), Mukwonago Area School District (WI), and Spokane Public Schools (WA). We selected these school districts because they provided variation across geographic location, district size,

and certain characteristics of the student population and district food services. For example, the proportion of students eligible for free and reduced-price lunches and the racial and ethnic characteristics of the student population varied across the districts selected. Further, we selected districts with different food service approaches, including some that generally prepared school lunches in one central kitchen before delivering them to schools, some that prepared lunches in kitchens on-site in each school, and others that used alternative approaches for lunch preparation. Seven of the school districts we visited managed their own food service operations, while one district contracted with food service management companies. We relied on the U.S. Department of Education's Common Core of Data, which provides information on public schools,⁶ to ensure selected districts met several of our criteria. As a result, all of the districts we selected for site visits were public, although non-profit private elementary and secondary schools, as well as residential child care institutions, also participate in the National School Lunch Program.

In each district, to gather information on local level implementation of the new lunch requirements, we interviewed the SFA director, as well as other key district-level SFA staff and food service staff in at least two schools. During these interviews, we collected information about lunch participation trends; challenges, if any, implementing the new lunch requirements; and USDA and state assistance with the changes. To select the schools we visited in each district, we worked with the SFA director to ensure the schools included students of differing grade levels in order to capture any relevant differences in their reactions to the new lunch requirements. In each school, we observed lunch—including students' food selections, consumption, and plate waste—and, when feasible, interviewed students and school staff to obtain their thoughts on the lunch changes. We also interviewed the eight state child nutrition program directors overseeing these districts to gather information on statewide lunch participation trends; SFA challenges, if any; and USDA and state assistance with implementation of the changes. Following the site visits, in late summer 2013, we obtained school lunch participation

⁶ The Common Core of Data is a program of the U.S. Department of Education's National Center for Education Statistics that annually collects fiscal and non-fiscal data about all public schools, public school districts, and state educational agencies in the United States. The data are supplied by state educational agency officials and include information that describes schools, school districts, students, and staff, as well as fiscal data.

data for school years 2008-2009 through 2012-2013 and information about school year 2012-2013 finances from the eight SFA directors. We cannot generalize our findings from the site visits beyond the school districts we visited.⁷

⁷ We reported on our preliminary findings from these site visits in GAO, *School Lunch: Modifications Needed to Some of the New Nutrition Standards*, [GAO-13-708T](#) (Washington, D.C.: June 27, 2013).

Appendix II: Federal Requirements for the Content of School Lunches

Previous Requirements Under the previous federal requirements for the content of school lunches, SFAs could choose to use one of five approved approaches to plan their menus. Three of these approaches focused on nutrient requirements and, aside from milk, did not specify food components or portion size requirements. Under the two remaining approaches, Traditional and Enhanced Food-Based Menu Planning, schools had to comply with specific food component and portion size requirements, as well as nutrient requirements. See tables 1 through 4 for details of the previous Food-Based Menu Planning approaches.

Table 1: Traditional Food-Based Menu Planning Approach Requirements

| Traditional Food-Based Menu Planning Approach—Meal Pattern for Lunches | | | | | | |
|---|----------------------------------|-----------------------------------|-------------------------------------|--|--|------------------------|
| Food components and food items | Minimum quantities | | | | | Recommended quantities |
| | Group I Ages 1-2 Preschool | Group II Ages 3-4 Preschool | Group III Ages 5-8 Grades K-3 | Group IV Ages 9 and older Grades 4-12 | Group V Ages 12 and older Grades 7-12 | |
| Milk (as a beverage) | 6 fluid ounces | 6 fluid ounces | 8 fluid ounces | 8 fluid ounces | 8 fluid ounces | 8 fluid ounces |
| Meat or Meat Alternate (quantity of the edible portion as served): | | | | | | |
| Lean meat, poultry, or fish | 1 ounce | 1½ ounces | 1½ ounces | 2 ounces | 3 ounces | |
| Alternate Protein Products ^a | 1 ounce | 1½ ounces | 1½ ounces | 2 ounces | 3 ounces | |
| Cheese | 1 ounce | 1½ ounces | 1½ ounces | 2 ounces | 3 ounces | |
| Large egg | ½ | ¾ | ¾ | 1 | 1½ | |
| Cooked dry beans or peas | ¼ cup | 3/8 cup | 3/8 cup | ½ cup | ¾ cup | |
| Peanut butter or other nut or seed butters | 2 tablespoons | 3 tablespoons | 3 tablespoons | 4 tablespoons | 6 tablespoons | |
| Yogurt, plain or flavored, unsweetened or sweetened | 4 ounces or ½ cup | 6 ounces or ¾ cup | 6 ounces or ¾ cup | 8 ounces or 1 cup | 12 ounces or 1½ cups | |
| The following may be used to meet no more than 50% of the requirement and must be used in combination with any of the above: | | | | | | |
| Peanuts, soynuts, tree nuts, or seeds, as listed in program guidance, or an equivalent quantity of any combination of the above meat/meat alternate (1 ounce of nuts/seeds=1 ounce of cooked lean meat, poultry, or fish) | ½ ounce=50% | ¾ ounce=50% | ¾ ounce=50% | 1 ounce=50% | 1½ ounces=50% | |

**Appendix II: Federal Requirements for the
Content of School Lunches**

Traditional Food-Based Menu Planning Approach—Meal Pattern for Lunches

| Food components and food items | Minimum quantities | | | | | Recommended quantities |
|---|--|--|--|--|---|------------------------|
| | Group I Ages 1-2 Preschool | Group II Ages 3-4 Preschool | Group III Ages 5-8 Grades K-3 | Group IV Ages 9 and older Grades 4-12 | Group V Ages 12 and older Grades 7-12 | |
| Vegetable or Fruit: 2 or more servings of vegetables, fruits or both | ½ cup | ½ cup | ½ cup | ¾ cup | ¾ cup | ¾ cup |
| Grains/Breads: (servings per week): Must be enriched or whole grain. A serving is a slice of bread or an equivalent serving of biscuits, rolls, etc., or ½ cup of cooked rice, macaroni, noodles, other pasta products or cereal grains | 5 servings per week ^b — minimum of ½ serving per day | 8 servings per week ^b — minimum of 1 serving per day | 8 servings per week ^b — minimum of 1 serving per day | 8 servings per week ^b — minimum of 1 serving per day | 10 servings per week ^b — minimum of 1 serving per day | |

Source: 7 C.F.R. § 210.10(k)(1)(i) (2012).

^a Must meet the requirements in appendix A of 7 C.F.R. pt. 210.

^b For the purposes of this table, a week equals five days.

Table 2: Traditional Food-Based Menu Planning Approach Nutrient and Calorie Requirements

| Nutrients and Energy Allowances | Minimum requirements | | | | Recommended |
|---|-----------------------------------|-------------------------------------|---|---|-------------|
| | Group II Preschool Ages 3-4 | Group III Grades K-3 Ages 5-8 | Group IV Grades 4-12 Ages 9 and older | Group V Grades 7-12 Ages 12 and older | |
| Energy allowances (calories) | 517 | 633 | 785 | 825 | |
| Total fat (as a percentage of actual total food energy) | a | a,b | b | b | |
| Saturated fat (as a percentage of actual total food energy) | a | a,c | c | c | |
| RDA for protein (g) | 7 | 9 | 15 | 16 | |
| RDA for calcium (mg) | 267 | 267 | 370 | 400 | |
| RDA for iron (mg) | 3.3 | 3.3 | 4.2 | 4.5 | |
| RDA for Vitamin A (RE) | 150 | 200 | 285 | 300 | |
| RDA for Vitamin C (mg) | 14 | 15 | 17 | 18 | |

**Appendix II: Federal Requirements for the
Content of School Lunches**

Source: 7 C.F.R. § 210.10(d)(1) (2012).

^a The Dietary Guidelines recommend that after 2 years of age "...children should gradually adopt at diet that, by about 5 years of age, contains no more than 30 percent of calories from fat."

^b Not to exceed 30 percent over a school week

^c Less than 10 percent over a school week

Table 3: Enhanced Food-Based Menu Planning Approach Requirements

| Enhanced Food-Based Menu Planning Approach-Meal Pattern for Lunches | | | | | |
|--|--|--|--|--|--|
| Food Components and Food Items | Minimum requirements | | | | Option for |
| | Ages 1-2 | Preschool | Grades K-6 | Grades 7-12 | Grades K-3 |
| Milk (as a beverage) | 6 fluid ounces | 6 fluid ounces | 8 fluid ounces | 8 fluid ounces | 8 fluid ounces |
| Meat or Meat Alternate (quantity of the edible portion as served): | | | | | |
| Lean meat, poultry, or fish | 1 ounce | 1½ ounces | 2 ounces | 2 ounces | 1½ ounces |
| Alternate protein products ^a | 1 ounce | 1½ ounces | 2 ounces | 2 ounces | 1½ ounces |
| Cheese | 1 ounce | 1½ ounces | 2 ounces | 2 ounces | 1½ ounces |
| Large egg | ½ | ¾ | 1 | 1 | ¾ |
| Cooked dry beans or peas | ¼ cup | 3/8 cup | ½ cup | ½ cup | 3/8 cup |
| Peanut butter or other nut or seed butters | 2 tablespoons | 3 tablespoons | 4 tablespoons | 4 tablespoons | 3 tablespoons |
| Yogurt, plain or flavored, unsweetened or sweetened | 4 ounces or ½ cup | 6 ounces or ¾ cup | 8 ounces or 1 cup | 8 ounces or 1 cup | 6 ounces or ¾ cup |
| The following may be used to meet no more than 50% of the requirement and must be used in combination with any of the above: | | | | | |
| Peanuts, soy nuts, tree nuts, or seeds, as listed in program guidance, or an equivalent quantity of any combination of the above meat/meat alternate (1 ounce of nuts/seeds equals 1 ounce of cooked lean meat, poultry or fish). | ½ ounce =50% | ¾ ounce =50% | 1 ounce =50% | 1 ounce =50% | ¾ ounce =50% |
| Vegetable or Fruit: 2 or more servings of vegetables, fruits or both | ½ cup | ½ cup | ¾ cup plus an extra ½ cup over a week ^b | 1 cup | ¾ cup |
| Grains/Breads (servings per week): Must be enriched or whole grain. A serving is a slice of bread or an equivalent serving of biscuits, rolls, etc., or ½ cup of cooked rice, macaroni, noodles, other pasta products or cereal grains | 5 servings per week ^b – minimum of ½ serving per day | 8 servings per week ^b – minimum of 1 serving per day | 12 servings per week ^b – minimum of 1 serving per day ^c | 15 servings per week ^b – minimum of 1 serving per day ^c | 10 servings per week ^b – minimum of 1 serving per day ^c |

Source: 7 C.F.R. § 210.10(k)(2) (2012).

^a Must meet the requirements in appendix A of 7 C.F.R. pt. 210.

^b For the purposes of this table, a week equals five days.

^c Up to one grains/breads serving per day may be a dessert.

Table 4: Enhanced Food-Based Menu Planning Approach Nutrient and Calorie Requirements

| Minimum Nutrient and Calorie Levels for School Lunches Enhanced Food-Based Menu Planning Approach (School Week Averages) | | | | |
|---|-----------------------------|-------------------|--------------------|-------------------|
| Nutrients and Energy Allowances | Minimum requirements | | | Optional |
| | Preschool | Grades K-6 | Grades 7-12 | Grades K-3 |
| Energy allowances (calories) | 517 | 664 | 825 | 633 |
| Total fat (as a percentage of actual total food energy) | a | a,b | b | a,b |
| Saturated fat (as a percentage of actual total food energy) | a | a,c | c | a,c |
| RDA for protein (g) | 7 | 10 | 16 | 9 |
| RDA for calcium (mg) | 267 | 286 | 400 | 267 |
| RDA for iron (mg) | 3.3 | 3.5 | 4.5 | 3.3 |
| RDA for Vitamin A (RE) | 150 | 224 | 300 | 200 |
| RDA for Vitamin C (mg) | 14 | 15 | 18 | 15 |

Source: 7 C.F.R. § 210.10(d)(2) (2012).

^a The Dietary Guidelines recommend that after 2 years of age "...children should gradually adopt at diet that, by about 5 years of age, contains no more than 30 percent of calories from fat."

^b Not to exceed 30 percent over a school week

^c Less than 10 percent over a school week

Current Requirements

Following passage of the Healthy, Hunger-Free Kids Act of 2010, USDA updated federal requirements for the content of school lunches and required all SFAs to use the same approach for planning lunch menus—Food-Based Menu Planning. In the January 2012 final rule on these changes, USDA noted that over 70 percent of program operators were already using the Food-Based Menu Planning approach to plan their lunch menus. See table 5 for details of the current lunch content and nutrition requirements.

**Appendix II: Federal Requirements for the
Content of School Lunches**

Table 5: Food-Based Menu Planning Approach Requirements Beginning in School Year 2012-2013

| Meal pattern | Lunch Meal Pattern | | |
|---|--|----------------|--------------------|
| | Grades K-5 | Grades 6-8 | Grades 9-12 |
| | Amount of food ^a per week (minimum per day) | | |
| Fruits (cups) ^b | 2 1/2 (1/2) | 2 1/2 (1/2) | 5 (1) |
| Vegetables (cups) ^b | 3 3/4 (3/4) | 3 3/4 (3/4) | 5 (1) |
| Dark green ^c | 1/2 | 1/2 | 1/2 |
| Red/Orange ^c | 3/4 | 3/4 | 1 1/4 |
| Beans and peas (legumes) ^c | 1/2 | 1/2 | 1/2 |
| Starchy ^c | 1/2 | 1/2 | 1/2 |
| Other ^{c,d} | 1/2 | 1/2 | 3/4 |
| Additional Veg to Reach Total ^e | 1 ^e | 1 ^e | 1 1/2 ^e |
| Grains (oz eq) ^f | 8-9 (1) | 8-10 (1) | 10-12 (2) |
| Meats/Meat Alternates (oz eq) | 8-10 (1) | 9-10 (1) | 10-12 (2) |
| Fluid milk (cups) ^g | 5 (1) | 5 (1) | 5 (1) |
| Other Specifications: Daily Amount Based on the Average for a 5-Day Week | | | |
| Min-max calories (kcal) ^h | 550-650 | 600-700 | 750-850 |
| Saturated fat (% of total calories) ^h | < 10 | < 10 | < 10 |
| Sodium (mg) ^{h,i} | ≤ 640 | ≤ 710 | ≤ 740 |
| Transfat ^h | Nutrition label or manufacturer specifications must indicate zero grams of <i>trans fat</i> per serving. | | |

Source: 7 C.F.R. § 210.10(c) (2013) as added by Nutrition Standards in the National School Lunch and School Breakfast Programs, 77 Fed. Reg. 4088 (Jan. 26, 2012).

^a Food items included in each group and subgroup and amount equivalents. Minimum creditable serving is 1/8 cup.

^b One quarter-cup of dried fruit counts as 1/2 cup of fruit; 1 cup of leafy greens counts as 1/2 cup of vegetables. No more than half of the fruit or vegetable offerings may be in the form of juice. All juice must be 100% full-strength.

^c Larger amounts of these vegetables may be served.

^d This category consists of "Other vegetables" as defined in 7 C.F.R. § 210.10(c)(2)(iii)(E). For the purposes of the National School Lunch Program, the "Other vegetables" requirement may be met with any additional amounts from the dark green, red/orange, and beans/peas (legumes) vegetable subgroups as defined in 7 C.F.R. § 210.10(c)(2)(iii).

^e Any vegetable subgroup may be offered to meet the total weekly vegetable requirement.

^f Beginning July 1, 2012 (SY 2012-2013), at least half of grains offered must be whole grain-rich. Beginning July 1, 2014 (SY 2014-15), all grains must be whole grain-rich.

^g Beginning July 1, 2012 (SY 2012-2013), all fluid milk must be low-fat (1 percent or less, unflavored) or fat-free (unflavored or flavored).

^h Discretionary sources of calories (solid fats and added sugars) may be added to the meal pattern if within the specifications for calories, saturated fat, transfat, and sodium. Foods of minimal nutritional value and fluid milk with fat content greater than 1 percent are not allowed.

ⁱ Final sodium targets must be met no later than July 1, 2022 (SY 2022-2023). The first intermediate target must be met no later than SY 2014-2015 and the second intermediate target must be met no later than SY 2017-2018. See required intermediate specifications in 7 C.F.R. § 210.10(f)(3).

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Kay E. Brown, (202) 512-7215 or brownke@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Rachel Frisk and Kathy Larin (Assistant Directors), Robert Campbell, Jean McSween, Dan Meyer, Christine San, and Zachary Sivo made key contributions to this report. Also contributing to this report were James Bennett, Nora Boretti, Jessica Botsford, Sheila McCoy, Paul Schearf, and Almeta Spencer.

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