

Survey Report: School Food Budget Deficits During COVID-19

Update on the Districts' Needs for
Additional School Food Funding

August 20, 2020



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Introduction

The Center for Ecoliteracy conducted a survey with California public school districts to learn about school food budget deficits at the start of the 2020–21 school year. Food Service Directors from 39 public school districts responded to the survey as of August 20, 2020. These school districts collectively represent **831,162 students** and **1,353 schools** from across the state. In a typical year, **these school districts would have served over 108 million meals** with an average of 57% of students who qualified for free or reduced priced meals. The responding school districts range in size from a single school with less than 300 students to districts with hundreds of schools and more than 100,000 students.

This report presents a summary of these public school districts' needs after they have served essential meals to California children for six months during the COVID-19 pandemic faced six months of providing.

COVID-19 has resulted in budget deficits for 92% of responding school nutrition departments

School nutrition programs are facing millions of dollars in deficits despite their heroic efforts to feed kids during the pandemic. The 19 public school districts who shared their budget details had a **combined deficit of \$26 million for March through August 2020**. The average deficit per school district was \$1.36 million, or \$56 per student. If we use these data to project financial impacts across the state, our estimates suggest that **California's school food programs could be facing as much as \$325 million of debt from the first six months of the COVID-19 pandemic.**¹

These skyrocketing deficits are due to a number of factors, including (1) increased costs per meal for COVID-19-related expenses, such as packaging; (2) reduced meal participation, which continues to decline as USDA waivers allowing all children to receive free meals expired at the start of the school year; (3) fixed costs for staff salaries; and (4) new equipment, supplies, and operational challenges for grab-and-go meals.

California's \$0.75 per meal allocation for March through mid-May will help, but is not enough

In the 2020 budget, the California Legislature allocated \$112 million from the CARES Act to provide an additional \$0.75 per meal for school breakfasts and lunches served from March through August 2020. The California Department of Education expects that funding to be depleted by mid-May. School nutrition directors report that the funding "will definitely help," but **it will only cover current deficits at 4% of responding districts**. For 79% of districts, this will not be enough, and the remainder are unsure.

One school district in southern California is reporting a \$1,832,334 deficit for March through August 2020. They expect to receive \$185,589 from the CARES Act funding, leaving a shortfall of \$1,646,745.

¹ Initial estimates are based on survey responses from 19 school districts that serve 7% of California's public school students.

A smaller district in northern California is facing a \$500,000 deficit. They expect to receive about \$100,000 from the CARES Act, leaving a \$400,000 deficit.

Additional state funding would provide crucial support to school districts and the families they serve

School districts mentioned many reasons that additional state funding is needed to support school nutrition programs, including the following:

“It would ensure the solvency of the food services department and ability to serve the families in need in our district, with nutritious, high quality and variety food.”

“It would mean that our program could continue to be solvent instead of encroaching on the General Fund, which is needed for many district community support programs. If funding has to be diverted from the General Fund to Food Services, jobs, student enrichment programs, and other services to our community supported by the General Fund will be lost.”

“If our budget collapses, so will our department. Our community is very low income and relies on school meals! If our department is cut, the quality of school meals will suffer and so will the children who rely on them.”

“Help us to continue supporting our community and jobs for our community”

“Additional funding to make us whole would mean no layoffs next year for the school nutrition employees who stayed through this entire crisis and worked with the public. Please take care of them.”

The start of school year brings new challenges and soaring costs

As schools across the state resume with 97% of students participating in distance learning, the official start of the school year brings new challenges for school food service directors. Namely, USDA waivers that allowed school districts to feed all children under 18 for free expired at the start of the regular school year. With increased barriers to accessing meals during the school day, participation and associated reimbursements – the primary source of revenue for school meal programs – will drop even as communities continue to rely on school food.

One southern California school district is already facing a \$3.8 million deficit and expects this to increase to \$30 million for the 2020–21 school year because 85% of their projected expenses will not be covered from meal service revenue.

“We have experienced and expect to continue experiencing large declines in participation due to the restrictions of not being able to provide meals to all children. Not being able to serve meals as part of the Seamless Summer option has had a serious negative impact on how many children with food insecurity we are able to support.”

Many California legislators recognized this challenge when they [signed a bipartisan letter to USDA](#) asking for an extension and expansion of these crucial waivers. Without the waivers in place and additional sources of funding, fewer students will have access to the nutrition they need for learning. As school deficits are expected to get worse, districts may be forced to draw on their general funds – potentially impacting educational programs, reduce the quality of meals, and consider layoffs for school frontline food service workers in the next school year.