

# Leveraging COVID Relief Funds to Mitigate the Impact of Child Nutrition Waiver Expirations

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## Child Nutrition Waiver Expiration Challenges this Summer and Beyond

In March 2020, in response to the widespread disruption and safety concerns associated with the COVID-19 pandemic, Congress gave the U.S. Department of Agriculture (USDA) authority to issue nationwide waivers from usual child nutrition program rules. Congress allowed USDA to permit major changes to program operations so that schools and non-profit organizations could safely serve healthy meals to kids with innovative models like home delivery or curbside meal bundle pick-up.

Congress renewed this waiver authority several times so that USDA could continue to respond to the evolving needs of program operators and the kids they serve. However, its authority to issue nationwide child nutrition waivers is currently set to expire on June 30, 2022.

This means that summer meals sponsors and sites must return to pre-pandemic operations, and schools will need to return to usual school meals program rules for the 2022-2023 school year. This will leave program operators with less flexibility and fewer resources even as they continue to face supply chain disruptions, rising costs, and staffing challenges. It will also reduce kids' access to meals, especially in rural and hard-to-reach communities. According to an internal analysis, the loss of these waivers could translate to 95 million fewer meals being served in summer 2022. And without waivers, schools may be forced to use general funds to make up for losses experienced by the school nutrition department, especially as families and schools navigate the transition back to applications and payments.

The state agency administering the child nutrition programs may be able to apply for some individual flexibilities, but these are unlikely to fully replace the expiring nationwide waivers. States, localities, and local education agencies may be able to leverage COVID relief funds to mitigate the impact.

## Summary of Available COVID Relief Funding Streams

There are a variety of COVID relief funding streams that could be used to support school and child nutrition programs:

- [Coronavirus State and Local Fiscal Recovery Funds \(SLFRF\)](#)
  - Authorized in March 2021 by the American Rescue Plan Act (ARPA)
  - Allocated by legislatures in nearly every state, though the governor has complete or limited control in a handful of states (including Arizona, Nevada, and New Hampshire)
    - Funds may be provided to non-profits to subgrant
- [Governor's Emergency Education Relief \(GEER\) Fund](#)
  - Authorized in March 2020 by the Coronavirus Aid, Relief, and Economic Security (CARES) Act
  - Further funded by the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, 2021, part of the Consolidated Appropriations Act, in December 2020
  - Allocated by the governor
    - Subgrants can be provided to LEAs and institutions of higher education

- [Elementary and Secondary School Emergency Relief \(ESSER\) Fund](#)
  - Authorized in March 2020 by the CARES Act
  - Received further funding through both CRRSA and ARPA
  - State educational agencies (SEAs) apply to the U.S. Department of Education for funding, and local education agencies (LEAs) apply to the SEA for their allocations

## Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

### Overview

ARPA provided \$350 billion in flexible funds to states, localities, tribes, and territories to help with COVID-related challenges and expenses.

More than half of states will receive their ARPA funds in [two allocations](#), with the second half in 2022. States with a March 2021 unemployment rate two points higher than February 2020 received their funds in one allocation, as did Puerto Rico, other territories, and tribal governments. All cities and counties will receive half of their funds in May 2021 and the other half in May 2022.

States and other governments have fairly wide discretion in spending these funds, but the U.S. Treasury has issued a [final rule](#) with guidance to assist states and localities in determining the best use of funds. Generally, these funds are intended to:

- Address the ongoing health and economic impacts of COVID-19, including assistance to households, nonprofits, and small businesses,
- Replace lost public sector revenue,
- Provide additional “premium pay” for essential workers, as much as an extra \$13 per hour, on top of regular pay or wages the worker is already receiving, up to \$25,000 per year, and
- Invest in water, sewer, and broadband infrastructure projects.

In recognition of the disproportionate impacts of the pandemic on health outcomes in low-income and Native American communities, a broader range of services and programs will be eligible for funding when provided in these communities. These funds can facilitate access to resources that improve health outcomes, and include funding public benefits navigators to assist community members with navigating and applying for available Federal, state, and local public benefits or services.

### Spending Trends

According to the [Center for Budget and Policy Priorities](#), as of March 2022, of the \$197.8 billion for COVID-19 relief provided to states, 45 states have appropriated \$115 billion, or 58% of the total funds. In addition to the state allotment, \$66 billion is reserved for counties, \$45 billion is reserved for metropolitan cities, \$20 billion is reserved for tribal governments, \$4.5 billion is reserved for U.S. territories, and \$19 billion is reserved for non-entitlement units of local government.

At least **33** cities, towns, and counties have utilized a portion of their SLFRF allocation to address food insecurity, including efforts to support local, statewide, and regional food banks and pantries, offer alternative meal delivery services to children and provide incentives to community organizations to offer healthy and fresh food. For example, the City of Dallas’s allotment reserved \$2.4 million to support food distribution programs throughout the city and \$800,000 to support inventory and supplies and local food banks. At the county level, [King County](#) (Washington) subgranted \$4.5 million to the United Way of King County to partner with Public Health - Seattle & King County to distribute culturally appropriate food to economically disadvantaged communities through community organizations. More than \$700,000 in

SLFRF monies were provided to Second Harvest of the Big Bend to serve more than 722,000 meals in Florida's Leon County. Maricopa County (Arizona) utilized more than \$3 million in its allotment to distribute funds to food banks and pantries to ensure food assistance for low-income and food-insecure families and children. Additionally, a partnership between the National League of Cities, Brookings Metro, and the National Association of Counties developed a [local government ARPA investment tracker](#), which includes a nutrition and food assistance category.

### Spending Options to Support Child Nutrition Programs

Child nutrition program operators, emergency food providers, and school nutrition departments can benefit greatly from these funds. Supporting child nutrition programs also aligns well with the SLFRF goals: not only do nutritious meals alleviate financial hardship for families with children facing food insecurity, which addresses the health and economic impacts of the pandemic, but child nutrition program staff are considered essential workers eligible for premium pay.

The following examples are intended to provide ideas to states and grantees interested in leveraging SLFRF to support child nutrition program operations. In all cases, it is important to work with the state agency responsible for administering the child nutrition programs and, if necessary, the USDA to ensure that the structure of the funds follows all federal guidelines and does not present accounting difficulties for program operators. In some cases, the state administering agency may need to request approval from the USDA in order to facilitate the use of funds for certain purposes.

For summer operations affected by the expiration of waivers, SLFRF could be used to provide grants to LEAs or non-profit sponsors in order to:

- Offer meals at sites that operated in 2020 or 2021 but no longer qualify to offer meals through the Summer Food Service Program (SFSP) or National School Lunch Program Seamless Summer Option (SSO) in 2022 because of the expiration of the area eligibility waiver.
  - Consider offering priority for sites that are not close to planned 2022 SFSP or SSO sites or that can make a case for how the site reaches kids who might not otherwise have access to a 2022 SFSP or SSO site.
- Serve a take-home meal at SFSP or SSO sites that can only offer one meal per day in person.
- Serve take-home meals at SFSP or SSO sites for days that those sites cannot operate, such as weekends.
- Provide home delivered meals to children who cannot access SFSP or SSO meal sites.
- Provide transportation support to help kids and families access summer meals sites.
- Fund meals for parents and guardians to encourage families to stay and eat meals on site.
- Offer guaranteed funding if meals served at SFSP or SSO sites are not eligible for reimbursement because of missing items or items that do not meet standards due to supply chain challenges.

For school nutrition operations affected by the loss of waiver flexibilities for School Year 2022-2023, SLFRF funding could also be used to:

- Offer take-home or delivered meals to students who miss school due to quarantines, classroom closures, or illness as well as those taking part in virtual learning.
- Incentivize adoption of the [Community Eligibility Provision \(CEP\)](#) at schools that are eligible (individually or via grouping with other schools in the LEA) but not able to receive federal reimbursement at the highest rate.\*
  - This will allow more schools to continue serving both breakfast and lunch at no charge to students, which research shows has academic and nutrition benefits for students.<sup>1</sup>
- Cover the reduced-price copay or offset unpaid meal debt.\*

- This will directly support families experiencing financial hardship who may not qualify for free meals or who may not have an application updated before the first day of school. This will also prevent the school nutrition department from needing other sources of funds to cover losses.
- Provide guaranteed funding if meals served are not eligible for federal reimbursement because of missing items or items that do not meet standards due to supply chain challenges.
  - \* These ideas in particular may require state agency and USDA approval due to restrictions on use of federal funds for these purposes.

In addition, SLFRF could be used to support all summer meals operators and school nutrition departments experiencing challenges related to staffing and higher costs. Examples include providing funds to:

- Provide additional “premium pay” for workers to help with staff recruitment and retention.
- Offset high fuel costs, especially for [mobile meals operations](#) during the summer.
- Offer supplemental funding for food in recognition of high food costs that may exceed federal meal reimbursements.
- Purchase equipment or supplies necessary to produce, package, transport, or distribute meals.

## Elementary and Secondary School Emergency Relief (ESSER) & Governor’s Emergency Education Relief (GEER) Funds

### Overview

Under ESSER, the Department of Education awards grants to state educational agencies (SEAs) to distribute to local educational agencies (LEAs) to address the impact the COVID-19 pandemic has had on elementary and secondary schools. LEA is defined as a public board of education or other public authority that maintains administrative control of public elementary or secondary schools in a city, county, township, or school district. School districts and county offices of education are both LEAs.

Under GEER, the Department of Education awards grants to Governors for the purpose of providing local educational agencies, institutions of higher education, and other education-related entities with emergency support. GEER funds may be used for childcare, Pre-K through 12th-grade education, adult education, and higher education support.

The deadline for obligating the various funds are:

- ESSER I and GEER I (appropriated by the CARES Act): September 30, 2022
- ESSER II and GEER II (appropriated by the CRRSA Act): September 30, 2023
- ESSER III (appropriated by ARPA): September 30, 2024

The ESSER III funds appropriated under ARPA have additional restrictions on how they can be allocated and spent. For example, of the \$1.2 billion in total ESSER funds under ARPA, \$800 million must be spent by the Department of Education to help identify and support students experiencing homelessness. Of the remaining funds allocated to SEAs, 90 percent must be sub-granted to LEAs. Also, at least five percent of the funds allocated to SEAs must be spent addressing learning loss, and at least one percent must be spent on both summer and afterschool enrichment programs. Of funds allocated to LEAs, at least 20 percent must be dedicated to addressing learning loss through summer or afterschool enrichment programs or an extended day or school-year programs. In all cases, learning loss interventions and

enrichment programs are expected to address students' academic, social, and emotional needs and support the student populations disproportionately affected by the pandemic. There is an opportunity for state officials to ensure that summer and afterschool programs funded through ESSER meet students' needs by leveraging the federal child nutrition programs.

Beyond ARPA's specific ESSER fund restrictions, ESSER and GEER funds are available for a wide range of activities and costs to address diverse needs stemming from or exacerbated by the COVID-19 pandemic or to "emerge stronger post-pandemic." These funds can be used for health and safety measures as well as on measures that improve students' social, emotional, and mental health and meet the academic needs of students. These funds are allocated with a special focus on addressing issues with resource equity, including support services that address the disproportionate impact of the pandemic on communities of color and those experiencing poverty.

### Spending Trends

[Burbio](#), a data services firm, has tabulated ESSER III spending plans for 4,705 school districts encompassing \$74 billion in district-level ESSER spending and representing 65% of public K-12 student enrollment. According to No Kid Hungry's analysis of Burbio's ESSER III data available as of April 6, 2022, of the 3.59% (4,705) of school districts with publicly available plans, 15.35% (722 districts) included some type child nutrition allocation related to the school meals program. As an example, Val Verde Unified School District (CA) reserved more than \$25 million from its ESSER allotment to create a central kitchen for use in future food insecurity emergencies. A district in Texas, Socorro Independent School District, included more than \$4.1 million to increase the number of child nutrition service workers. And within [North Carolina's ESSER III allotment](#), \$10 million was used to help local school nutrition operations across the state recruit and retain needed staff.

### Spending Options to Support Child Nutrition Programs

ESSER or GEER funds could support school nutrition programs as well as other child nutrition program operators serving summer and afterschool enrichment programs as they navigate the challenges of Summer 2022 and School Year 2022-2023.

The Department of Education has issued [guidance](#) to clarify the acceptable use of these funds, including as they pertain to use in support of nutrition programs. While the guidance directs LEAs to leverage the federal child nutrition programs first, it does allow ESSER and GEER funds to be used for meals if the federal child nutrition programs are not available or sufficient to cover costs. As such, ESSER and GEER funds can be utilized to:

- Increase staff capacity by hiring staff or covering additional labor costs associated with serving meals.
- Provide "premium pay" or other additional compensation for school nutrition staff.
- Support pandemic-related expenses, including school meal equipment, supplies, or packaging; transportation; and PPE, cleaning and sanitizing materials, or other emergency supplies.

This guidance also encourages states and LEAs to maximize participation in enrichment programming by providing meals.

ESSER and GEER funds could also be used to:

- Offer supplemental funding for food in recognition of high food costs that may exceed federal meal reimbursements.
- Purchase equipment or supplies necessary to produce, package, transport, or distribute meals.
- Provide transportation support to help kids and families access summer meals sites.

- Offset high fuel costs, especially for [mobile meals operations](#) during the summer.
  - In keeping with the goals for ESSER and GEER, this would be most relevant for routes that offer activities or deliver books or other enrichment materials along with meals.
- Offer take-home or delivered meals to students who miss summer enrichment programs or school due to quarantines, classroom closures, or illness as well as students taking part in virtual education or enrichment.
- Support adoption of the [Community Eligibility Provision \(CEP\)](#) at schools that are eligible (individually or via grouping with other schools in the LEA) but not able to receive federal reimbursement at the highest rate.\*
  - This will allow more schools to continue serving both breakfast and lunch at no charge to students, which research shows has academic and nutrition benefits for students.<sup>1</sup>
- Cover the reduced-price copay or offset unpaid meal debt.\*
  - This will directly support families experiencing financial hardship who may not qualify for free meals or who may not have an application updated before the first day of school. This will also prevent the school nutrition department from needing other sources of funds to cover losses

\* These ideas in particular may require state agency and USDA approval due to restrictions on use of federal funds for these purposes.

Note that summer enrichment programs that are no longer area eligible to offer summer meals after the expiration of the waivers may qualify as closed enrolled sites using eligibility information collected via applications. Similarly, summer school sites could serve meals through the National School Lunch Program and School Breakfast Program.

As with SLFRF, it is important to work with the state agency responsible for administering the child nutrition programs and, if necessary, the USDA to ensure that the structure of the funds follows all federal guidelines and does not present accounting difficulties for schools. In some cases, the state administering agency may need to request approval from the USDA in order to facilitate the use of funds for certain purposes.

## Conclusion

The expiration of nationwide child nutrition waivers will create numerous challenges for child nutrition program operations, which will have ripple effects on children, families, and schools. Leveraging unobligated COVID-19 relief funds can help to mitigate these consequences.

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<sup>1</sup> Cohen JFW, Hecht AA, McLoughlin GM, Turner L, Schwartz MB. (2021). Universal School Meals and Associations with Student Participation, Attendance, Academic Performance, Diet Quality, Food Security, and Body Mass Index: A Systematic Review. *Nutrients*, 13(3), 911.