



Provision 2 of the National School Lunch Act

WHAT IS PROVISION 2?

- Provision 2 is an option in the federal School Breakfast Program and National School Lunch Program for schools to reduce the paperwork and simplify the logistics of operating school meals programs.
- Provision 2 schools do not have to collect and process school meals applications, keep track of meal categories, or conduct verifications for at least three out of every four years.
- Schools that opt for Provision 2 serve meals to all students at no charge. Provision 2 schools pay the difference between the cost of serving meals at no charge to all students and the federal reimbursement. The significant administrative savings of Provision 2 help offset the cost differential.

WHY PROVISION 2?

To simplify paperwork

- Applications – Collect applications only once every four years, at most.
- Claims – Record and track meal categories only once every four years, at most.
- Verifications – Conduct verifications only once every four years, at most.

To streamline meal service

- No more cashiers – All students eat at no charge.
- No more student PIN numbers, lunch tickets or ID cards – Collect only total meal counts.
- Faster serving lines – Students spend more time eating, less time in line.

To decrease school food service costs

- Significant administrative savings – Reduce labor costs associated with collecting, tracking and recording of applications, meal categories, payments and verifications.
- Free employees for other areas of food service – Employee hours spent on administration can be shifted to meal preparation and service.
- Economies of scale – Higher meal participation leads to lower per-meal costs.

To promote good nutrition and help improve student performance

- Provision 2 increases student participation in school meals.
- Children who eat school meals have more nutritious diets than children who don't, regardless of income level.
- Better nutrition in children leads to better academic performance, behavior and learning environments.
- Providing school meals at no charge promotes the value of good nutrition to all students.



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HOW DOES PROVISION 2 WORK?

- Base Year – In the first year of Provision 2, schools collect applications and track meal categories (free, reduced price and “paid”). Schools also provide meals to all students at no charge.
- Administration for years 2 through 4 – For at least the three years following the Base Year, schools do not collect meal applications and count only meal totals. Schools continue to provide meals to all students at no charge.
- Reimbursement for years 2 through 4 – Schools calculate their federal meal reimbursements by applying the percentages of free, reduced price and “paid” meals served during the Base Year to the total number of meals served during each of the following years.
- Renewals – At the end of each four year cycle, a school may continue under Provision 2 for another four years without collecting new applications if the income level of the school’s population has not improved by more than five percent. The school’s reimbursements then would be based on the percentages of meal categories from the most recent Base Year.

IS PROVISION 2 RIGHT FOR ALL SCHOOLS?

- Schools with high percentages of students eligible for free or reduced price school meals are the most likely to succeed with Provision 2. School districts that are implementing Provision 2 have determined that they can operate Provision 2 without losing money in schools with as few as 60 to 75 percent of students eligible for free or reduced price school meals.
- Any school that participates in the National School Lunch Program or the School Breakfast Program may opt for Provision 2. Even schools without high percentages of students eligible for free or reduced price school meals may decide to opt for Provision 2 in order to improve the diets and academic performance of their students.

HOW TO GET STARTED WITH PROVISION 2

- Schools should first consider the changes in expenses and revenues that would occur under Provision 2. Contact FRAC for more information on Provision 2 cost-benefit analysis worksheets that have been developed in several states.
- School food authorities should contact their State Agencies for assistance on how to implement Provision 2 in some or all of their schools.
- USDA’s regulations concerning Provision 2 and other information about Provision 2 are posted on the USDA website at www.fns.usda.gov/cnd/Governance/prov-1-2-3/provision1_2_3.htm

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