

June 17, 2025

With SNAP and Medicaid in D.C.'s Crosshairs, Michigan's Universal School Meals Program May Become More Costly as a Result

In a Nutshell

- Michigan's new free school meals policy is likely to grow more expensive for the state budget with federal policy changes currently under consideration in Washington D.C.
- Changes that restrict participation in SNAP and Medicaid have downstream effects, beyond the original federal programs, that affect student access to federally-funded free school meals. Michigan students won't go hungry because, if schools lose federal reimbursement dollars, state dollars will pick up the costs to ensure all students have access to free meals.
- State policymakers must stay abreast of the downstream impacts of these federal funding cuts and be prepared to factor prospective cost shifts into future School Aid Fund budgets.

As Michigan slips into summer, public schools across the Mitten State are putting a bow on their 2024-25 school years. For many, this is a time to celebrate the educational and developmental accomplishments of their students and to wish them well in their future academic and life pursuits. This summer also marks the end of the second full school year of Michigan's new \$200 million School Meals program that provides all pre-K to 12th grade students with access to free breakfast and lunch throughout the year. As school leaders and state policymakers turn their attention to the upcoming 2025-26 school year, they should take note that likely changes in federal policy related to two major social safety net programs (Supplemental Nutrition Assistance Program (SNAP) and Medicaid) will have downstream impacts on the state's new School Meals program.

The end of Medicaid's "continuous enrollment" provision in March 2023, along with several provisions impacting eligibility for SNAP and Medicaid contained in the federal budget reconciliation package recently passed by the U.S. House of Representatives and currently under consideration in the U.S. Senate, will likely reduce participation rates in these major federal programs. Decreased participation in SNAP and/or Medicaid has the potential to reduce the amount of federal "free meal" reimbursements local school districts will receive in the future. This is important because any decrease in federal support will directly increase the amount of state "free meal" reimbursement that must be paid to districts to maintain Michigan's School Meals program.

While the dust has not yet settled on the current federal legislation and the specific provisions are far from finalized, the general direction that the U.S. Congress is headed is clear. Large cuts in federal safety net programs are on the horizon. Governor Whitmer recently released two reports modeling different legislative scenarios and their impacts, including a high-end estimate of 700,000 Medicaid disenrollments and the loss of nearly \$900 million in SNAP benefits to Michigan families. If they wish to ensure the continuation of the state's free school meals policy, state policymakers must stay abreast of the downstream impacts of these federal funding cuts and be prepared to factor prospective cost shifts into future School Aid Fund budgets.

Michigan's New No-Cost School Meals Program

Michigan took a major step to address childhood food insecurity by making no-cost school breakfasts and lunches available to all pre-K to 12th grade students, regardless of income, starting with the 2023-24 school year. In doing so, it became just one of eight states to commit to feeding all schoolchildren since the end of the COVID-19 pandemic.

The adoption of the Michigan Schools Meals program (official name) came after the federal government issued waivers that allowed schools across the country to receive federal reimbursement to provide universal no-cost school meals to all children during the COVID-19 pandemic. When the federal "free meal" waiver expired at the start of the 2022-23 school year, thousands of Michigan schoolchildren lost access to free school meals that were available since spring of 2020. Congressional proposals to enact a new law to make the federal "free meal" policy permanent have not progressed.

With the end of the waiver period, all U.S. public schools had to return to the tiered federal eligibility system (i.e., free, reduced-price, and paid) and reengage in efforts to collect, process, and verify school free meal applications, as well as track students who automatically qualify for free meals via several federal safety net programs. The end of the waiver also shifted political pressure to the states. Several states, highlighting the educational and developmental benefits of feeding schoolchildren, responded by adopting their own "Healthy School Meals for All" policies. Universal free school meal programs improve academic achievement, decrease disciplinary instances, reduce stigma associated with participation in free meals, and improve students' perception of their school's safety.

Recognizing these myriad benefits, Michigan policymakers decided to fill the void left after the nationwide waiver ended and created a state funded program through the annual School Aid budget. The Fiscal Year (FY)2024 budget included a \$190 million School Aid Fund appropriation that, combined with existing on-going federal funding, allowed all Michigan public school districts to resume offering free breakfast and lunch to all students in the 2023-24 school year. The state continued the program for the just completed 2024-25 school year, supported by a \$200 million appropriation in the FY2025 state budget.

Although the Michigan School Meals program is available to all public schools, participation is optional. To receive state funding, entire districts, individual schools, or groupings of schools must meet certain requirements to receive state dollars, notably: 1) participate in the National School Lunch Program and School Breakfast Program; 2) serve both breakfast and lunch; and 3) maximize federal reimbursement by adopting the federal Community Eligibility Provision (CEP). The Community Eligibility Provision is a non-pricing meal service option for schools and school districts in high-poverty areas, allowing them to offer free breakfast and lunch to all enrolled students without collecting household applications. Instead, schools are reimbursed based on the percentage of students directly certified for free meals through federal means-tested public assistance programs.

Requiring Michigan schools to participate in CEP is a key feature of the state's free meals policy. It is intended to maximize federal reimbursement. Without a high level of participation in CEP, the state would be responsible for a larger share of total program costs because CEP schools are reimbursed for 1.6 times the number of students "directly certified" for free meals. The additional 0.6 percent multiplier helps to estimate the percentage of students who would be eligible for free meals under traditional programs (i.e. paper forms collected from students).

To facilitate participation in CEP, states across the U.S. use the direct certification process. This involves state agencies administratively matching student records with federal social safety net program eligibility (i.e., children of income-eligible families that participate in the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, or Medicaid) and sharing the information with individual schools. Because CEP is directly linked to eligible participant data from these other federal programs, families/students do not need to complete and submit paper forms to qualify for free school meals.

Under current federal rules, a school, a group of schools, or an entire district must have a direct certification rate (known as Identified Student Percentage or ISP) of at least 25 percent (at least 25 percent of students

qualify for the means-tested public assistance programs[EL1]) to access CEP's higher federal reimbursement rate of 1.6. For example, if a school has an ISP of 25 percent, it will receive federal free meal reimbursement for 40 percent ($25 \text{ percent} \times 1.6 = 40 \text{ percent}$) of meals served. Similarly, schools with direct certification rates of 62.5 percent or higher are reimbursed for 100 percent of meals served at the federal free rate. This is down from the 40 percent threshold before Michigan's new meals program.

Historically, the difference between the minimum eligibility rate (25 percent) and the rate at which 100 percent of meals are covered (62.5 percent) left significant room for schools to be unable to afford the CEP's free-meals-for-all program. Schools with ISP rates below 62.5 percent had to find existing local or state funding sources to cover unreimbursed meal costs if they wished to offer free meals for all students. For many schools, adopting CEP and the associated new costs came down to a budgetary decision among competing school needs, including direct spending in classrooms.

The \$200 million appropriation to Michigan's School Meals program provides schools with the necessary gap financing (difference between total costs and federal reimbursements) to afford to serve all students free meals without having to tap into other funding streams.

With the adoption of Michigan's free school meal program in 2023, school/district participation in CEP picked up substantially. Michigan Department of Education data shows that the total number of Michigan schools adopting CEP for the 2023-24 school year increased nearly 44 percent, from 1,575 schools in 2022-23 to 2,267 schools last year. An additional 256 schools signed up for CEP in the just completed 2024-25 school year. As a result of this growth, Michigan's "take up" rate for CEP participation among eligible schools rose from 70 percent in the 2022-23 school year to nearly 90 percent in the 2024-25 school year. Other states adopting universal free meals policies in 2023-24 also saw some of the largest increases in CEP "take-up" rates among their public schools.

While there has been state legislation proposed to establish the School Meals program in permanent law, it continues to be authorized and funded on a yearly basis through the annual state School Aid Fund budget. Michigan is just one of eight states to create and fund a universal no-cost school meals program in the wake of the COVID-19 pandemic. Michigan's position among this small subset of states, however, will depend on continued annual budget support. Current legislative deliberations over the FY2026 School Aid budget are still in progress, but there are major differences of opinion about the future funding of the School Meals program. The Senate's FY2026 budget includes \$200 million to continue the state's free meals policy, while the House of Representative's budget eliminates the statewide program beginning next year.

Safety Net Policy Changes Portend Increased State Costs for School Meals

Because it is not contained in permanent law, the future of Michigan's free school meal policy will depend on continued state funding through the annual School Aid budget. Assuming lawmakers authorize and fund the policy as part of the upcoming FY2026 state budget, future state costs for maintaining the policy, however, will be largely tied to factors outside of their direct control. That is because the School Meals program, through different policies and mechanisms, is inherently tied to decisions at the federal level dealing with major social safety net programs.

As noted above, the CEP participation requirement is critical to contain state costs; any change or modification could have downstream financial impacts for the Michigan budget. Similarly, changes to the direct certification process that affect eligibility and participation in SNAP, TANF, or Medicaid, and therefore federal meal reimbursement amounts driven by an individual school's ISP rate, could impact future state costs for the Schools Meal program. This is important because the U.S. Congress is currently debating major changes to SNAP and Medicaid, including over \$1 trillion in combined spending reductions, that will likely lead to fewer Michigan enrollees in these programs, and therefore, fewer school children automatically qualifying for federal free meal reimbursement.

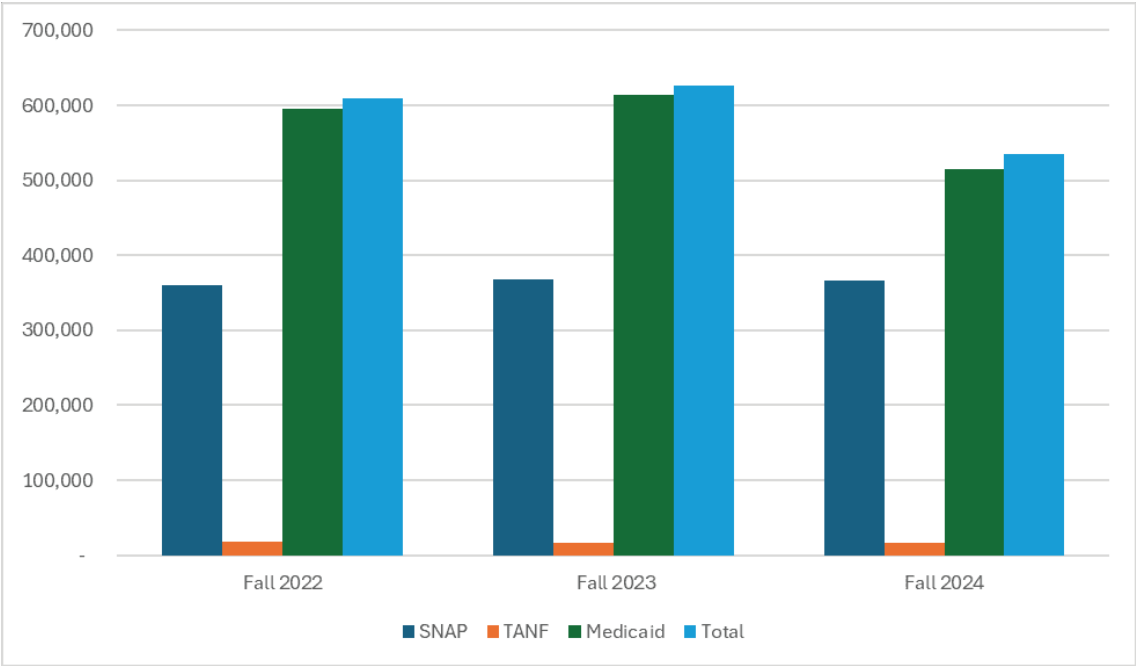
Michigan has already experienced the effects of one federal Medicaid policy impact.

The number of Michigan public school students directly certified through Medicaid fell substantially in fall 2024 compared to fall 2023. Statewide, total direct certifications dropped almost 15 percent, from 626,000 to 534,000 K-12 students. At the start of the pandemic, Congress enacted a requirement that Medicaid programs keep people continuously enrolled through the end of the public health emergency, in exchange for enhanced federal funding. Medicaid’s “continuous coverage” period ended in March 2023. As a result, Michigan children previously identified as directly certified via their participation in Medicaid continuous coverage will no longer be identified.

Chart 1 shows the total number of Michigan public school students directly certified by each federal program for the past three fall student counts. Between 2023 and 2024, the number of students identified through SNAP and TANF held constant, but Medicaid certifications dropped from 613,000 to 515,000, about 16 percent. This drop directly impacts schools’ ISP rates, and therefore the amount of federal free meal reimbursement. (Note: Our previous research illustrated how this major statewide drop in Medicaid direct certifications will have major impacts on the amount of state “at-risk” student funding schools receive beginning next school year.)

Chart 1

Michigan Direct Certification Student Counts by Program and Total (2022 to 2024)

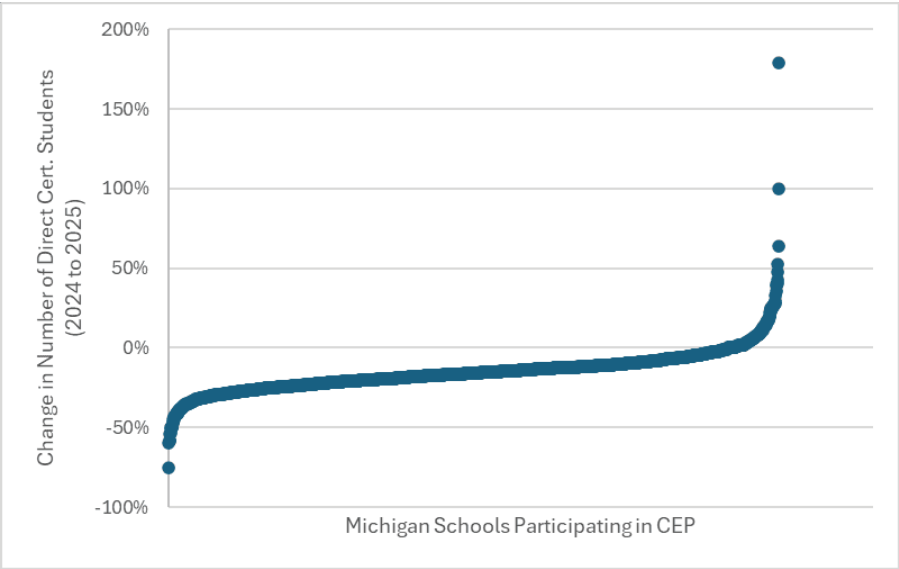


Source: Center for Educational Performance and Information

The 15 percent drop in the number of direct certification students statewide masks considerable variation across the state’s roughly 2,500 public schools participating in CEP. Data provided by the Michigan Department of Education shows the direct certification impacts for 1,730 individual schools with an ISP rate of 62.5 percent or less in 2025 (see **Chart 2**). (Note: We exclude schools with an ISP of 62.5 percent or greater because they receive federal free meal reimbursement for 100 percent of meals served and don’t require state funds to provide free meals to all students attending school.) About 90 percent of these CEP schools (1,578 of 1,730) saw their direct certification numbers drop with the end of the temporary pandemic-era Medicaid, some by as much as 50-plus percent (left side of scatterplot).

Chart 2

Percent Change in Direct Certification Student Counts by School*, Spring 2024 to Spring 2025



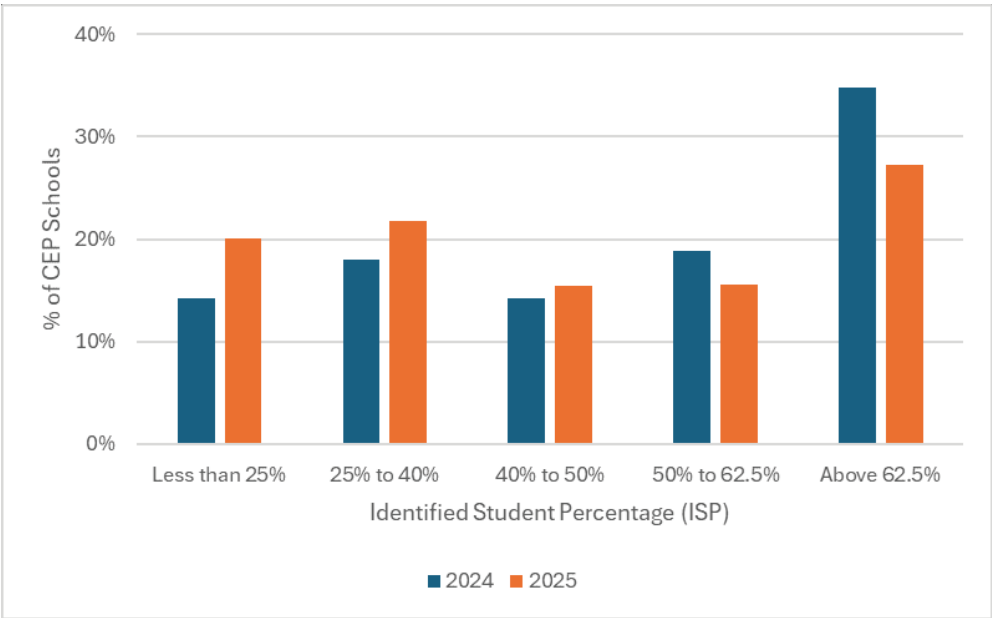
* Chart only includes participating CEP schools with an ISP rate of 62.5 percent or less for Spring 2025

Source: Michigan Department of Education

Importantly, the data reveals that 356 schools saw a large enough year-over-year decline in their direct certification numbers to drive their ISP rates below the 62.5 percent threshold. Again, this is the rate where all school meals served are covered entirely by federal reimbursements and the State of Michigan need not contribute funding. This means, effectively, that state dollars will have to pick up a larger portion of the total cost of the School Meals program in future years. **Chart 3** shows the distribution of Michigan’s CEP schools by ISP in spring 2024 and spring 2025.

Chart 3

Distribution of Michigan CEP Schools by ISP Rate, Spring 2024 and Spring 2025



CEP schools and districts can use their highest ISP to determine federal reimbursements over a four-year cycle, but at the end of that four-year cycle, they generally must start over. This means that Michigan schools and districts that began CEP before the end of the federal Medicaid “continuous enrollment” period began their CEP cycle with, likely, the highest ISP they would experience for four years. In school year 2028–29, these schools likely will have to start another four-year cycle, which will drop their ISP levels, and therefore federal reimbursements, by a significant amount.

Just as the end of the temporary Medicaid “continuous enrollment” period drove down Michigan’s direct certification numbers, several federal policy proposals contained in the One Big Beautiful Bill Act (OBBBA), a reconciliation bill passed by the U.S. House of Representatives in May 2025, will likely have downstream impacts for Michigan students’ access to federal free meal reimbursements via the direct certification process. Any decrease in Medicaid and SNAP participation among school-age children will decrease schools’ direct certification numbers (and ISP rates). This, in turn, will have the potential to increase Michigan’s costs for providing universal school meals by shifting funding responsibility from the federal budget to the state School Meals program.

While the specific provisions of what will be included in the final legislative compromise between the U.S. House and Senate are unknown, the general purpose and likely state impacts are clear. The proposed changes to Medicaid and SNAP would implement new work requirements for non-disabled adults receiving benefits. The intent here is to reduce the number of enrollees (and federal spending) in these programs, including parents living in households with school-age children. Research and modeling by the Urban Institute has found that three percent of school-age children participating in SNAP nationally would no longer participate in SNAP based on the changes to the adult in the household. The Urban Institute’s modeling suggests that between 0.3 percent and 1.1 percent of K-12 students would lose direct certification. This would result in the loss of direct certification and automatic enrollment in free school meals for these students. Again, Michigan’s free school meal policy is designed to provide bridge financing between federal reimbursements and actual school costs for feeding all 1.3 million public school children in the state.

Conclusion

Michigan’s new free school meals policy is likely to grow more expensive for the state budget with federal policy changes currently under consideration in Washington D.C. Changes that restrict participation in SNAP and Medicaid have downstream effects, beyond the original federal programs, that affect student access to federally-funded free school meals. Michigan students won’t go hungry because, if schools lose federal reimbursement dollars, state dollars will pick up the costs to ensure all students have access to free meals. Because of the timing of the proposed federal policy changes contained in the current legislation (with many beginning in 2027 and 2028), the loss of students’ access to free meals and the loss of federal funding may not be felt until the 2026-27 school year.

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Craig is the Research Council's Research Director and primary researcher of education and school finance issues. Prior to becoming Research Director, Craig served as the Director of State Affairs and as a Senior Research Associate. During his graduate school studies, he worked for the Council as a Lent Upson-Loren Miller Fellow from 1993 to 1995. Before joining the Council in 2006, Craig worked for ten years as a fiscal analyst at both the Senate Fiscal Agency and the House Fiscal Agency. He previously worked for the Michigan Department of State, Office of Policy and Planning and the United States Environmental Protection Agency in Chicago.

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