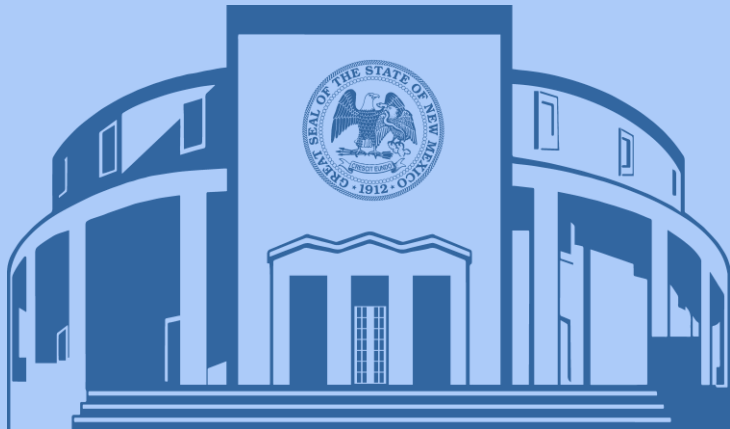


Healthy Universal School Meals



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August 6, 2025

Mariana Padilla, Cabinet Secretary
Public Education Department
300 Don Gaspar Ave,
Santa Fe, NM 87505

Secretary Padilla:

The Legislative Finance Committee (LFC) is pleased to transmit the evaluation *Healthy Universal School Meals* (HUSM). The program evaluation examined the implementation and effectiveness of the HUSM program, assessed its impact on student participation, nutrition quality, and local food procurement, and analyzed operational challenges related to staffing, infrastructure, and compliance with new statutory and regulatory requirements. An exit conference was held with you and your staff on August 12, 2025, to discuss the report's contents.

The report will be presented to the LFC on August 21, 2025. LFC would like plans to address the recommendations within this report from the Public Education Department within 30 days of the hearing.

I believe this report addresses issues the LFC asked us to review, and hope the department will benefit from our efforts. We very much appreciate the cooperation and assistance we received from you and your staff.

Sincerely,

A handwritten signature in cursive script that reads "Charles Sallee".

Charles Sallee, Director

Cc: Representative Nathan Small, Chair, Legislative Finance Committee
Senator George K. Muñoz, Vice Chair, Legislative Finance Committee
Daniel Schlegel, Chief of Staff, Office of the Governor
Wayne Probst, Cabinet Secretary, Department of Finance and Administration
Joseph M. Maestas, State Auditor

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Summary

New Mexico’s Healthy Universal School Meals program has made early progress in expanding participation and access, and its long-term impact depends on improved oversight, implementation, and quality standards.

In 2023, New Mexico unanimously passed legislation to launch the Healthy Universal School Meals (HUSM) program to address one of the highest child food insecurity rates in the nation. The law mandates free, high-quality meals for all public-school students, regardless of income, and includes ambitious goals for scratch cooking, local food sourcing, and food waste reduction. This evaluation assesses the implementation of the legislation’s provisions, fiscal trends and sustainability of food service operation programs, and impact on student participation and nutrition standards.

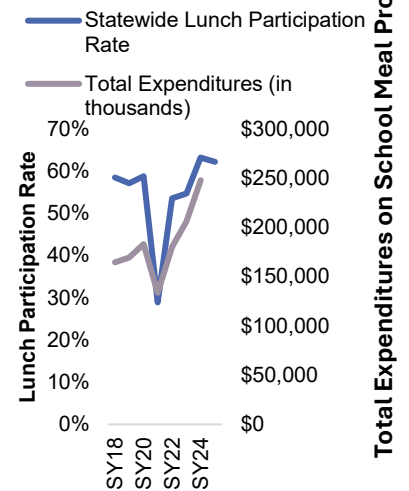
Total meal program spending has increased from \$206 million in the 2022-2023 school year to \$248 million in 2023-2024 school year—20 percent in the one year since the passage of the HUSM Act. Over the same period, participation in school meals rose by 8.5 percentage points for lunch and 8.3 percentage points for breakfast, with increases observed in 68 out of 89 school districts, including all 10 largest, as well as districts with high levels of need. This suggests the program is reaching its intended beneficiaries.

Consistent with trends in other states that have adopted universal free school meal programs, first-year participation gains were greatest among higher-income students who would not have qualified for free or reduced-price meals under previous eligibility rules. In FY25, the state spent an estimated \$17.4 million on meals for these students, but increased participation rates in lower-income communities indicate the program is also serving those with the greatest need.

HUSM is designed as a blended model that leverages federal funding first through the community eligibility provision (CEP), with the state covering the cost of meals for higher-income students who do not qualify for full federal reimbursement. New Mexico now leads the nation in CEP adoption, with 99 percent of eligible school districts participating in the 2024-2025 school year as a result of HUSM’s requirement to maximize federal funding before using state resources.

Some school food authorities (SFAs) are projecting more federal revenue than they actually collect and are relying on state equalization guarantee (SEG) funds for a combined total of \$6.3 million in expenditures. In practice, SFAs may be over-projecting federal revenues to ensure adequate funding is available for large increases in meal participation rates.

Chart 1. Statewide Expenditures in School Meal Programs Has Increased at a Higher Rate Than Participation (in thousands)



Source: LFC analysis of OBMS and PED data

State equalization guarantee (SEG) funding is the pool of money distributed to school districts and charter schools through a needs-driven program calculation.

The SEG formula distributes operational funds to school districts and charter schools non-categorically to provide for local budgeting decisions. The primary purpose of SEG funding is to support classroom spending; however, school food authorities may use these funds to supplement other operational costs.

Changes in federal eligibility rules could reduce federal support for school meals, shifting more costs to the state. About 3 percent of students may be affected, with 20 schools losing CEP status and 60 more losing full federal reimbursement. SFAs may need to request budget adjustments from the Public Education Department (PED), increasing state funding responsibility. To address this, PED is certifying CEP rates for all school food authorities through SY30.

Also of concern, data on meal quality, emphasized in the act, is not tracked and an informal PED survey suggests that many school food authorities do not meet PED's 50 percent scratch cooking guideline that will go into effect this year. Barriers include outdated kitchen infrastructure, staffing shortages, and limited access to local food vendors. While the state has allocated funds for kitchen upgrades since 2023, progress has been slow. Although HUSM encourages increased sourcing of local foods for school meals, schools spend only about 4 percent of their food budgets on local products, or half the national average of 8 percent. Expanding the scope of the New Mexico Grown program and increasing local food sourcing is challenging due to structural barriers in the program. Efforts to reduce food waste are still developing, with just 25 percent of SFAs currently tracking food waste in the program's first year.

Although the Healthy Universal School Meals Act encourages increased sourcing of local foods for school meals, schools spend only about 4 percent of their food budgets on local products, or half the national average of 8 percent.

Some SFAs, especially in charter schools and smaller districts, face unique challenges, such as greater reliance on operational funds and contracted food service providers, which may require targeted support and guidance. The need for expanded technical assistance and training for school food staff remains clear, both to support compliance and to help SFAs implement meal quality improvements.

Comprehensive, statewide performance monitoring systems are not yet in place, limiting PED's ability to evaluate outcomes, provide technical assistance, and ensure accountability. New digital tracking requirements are scheduled to begin in the 2025-2026 school year. As an early-adopter state, New Mexico is well positioned to contribute to the national evidence base on universal school meals programs as it strengthens its systems for monitoring and evaluation.

Key Findings

- Increased investment in school meals from HUSM has led to modest gains in participation and ongoing use of SEG funds
- New Mexico's universal school meals program is still working to overcome early challenges in achieving and measuring meal quality

Key Recommendations

The Public Education Department should:

- Provide school food authorities guidance and monitor the use of SEG funds for food service operations, with special attention to smaller school food authorities and charter schools, to ensure state funds are supplementing—not supplanting—federal funds;
- Review school food authorities that received less in federal funds than were budgeted to determine whether this was due to an under-projection for participation or other reasons;
- Monitor school food authorities’ expenditures annually and provide technical assistance to districts that exceed costs of food service operations based on the federal reimbursement rate for participating students.
- Work with Department of Finance and Administration and the Legislative Finance Committee to develop a statewide performance monitoring system for HUSM that aligns with the Accountability in Government Act to track expenditures, food waste, local food sourcing, scratch cooking, participation rates, and other academic and health outcomes;
- Launch a standardized student satisfaction survey to inform meal quality improvement efforts and support SFAs with tools like menu feedback forms, taste test protocols, and engagement templates;
- Expand technical assistance and training supports, particularly in scratch cooking, food safety, and compliance;
- Require contracts with food service management companies to include clearer expectations for quality standards, including the percentage of food that is locally sourced and that is scratch cooked; and
- Develop guidelines and adjust adequacy standards to address HUSM infrastructure during new facility design.

The Public School Capital Outlay Council should:

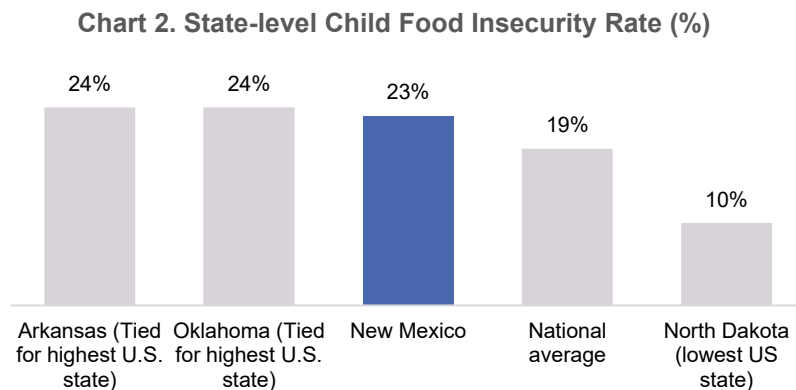
- Ensure disbursements of kitchen infrastructure funds to school districts are completed by the end of the fiscal year.

Background

New Mexico has one of the highest rates of child food insecurity in the country and passed universal free school meal legislation in 2023.

Research has shown that universal school meal programs can lead to higher academic achievement, improved attendance, and improved food security for students. In response to high rates of childhood hunger, the state enacted the Healthy Universal School Meals Act in 2023 to provide free meals to all students, aiming to improve nutrition, academic outcomes, and health equity across vulnerable communities.

In 2023, an estimated 23 percent of children in New Mexico experienced food insecurity—well above the national average of 19 percent—ranking the state among the worst in the nation for childhood hunger. Nationally, 12.8 million children were food insecure in 2021, and school meals play a central role in addressing this gap. For many low-income families in New Mexico, school breakfast and lunch are the most consistent and nutritionally complete meals their children receive.



Note: Chart depicts highest and lowest states, NM and national average.
Source: Feeding America 2025 analysis of 2023 USDA data

Universal access to school meals not only improves nutrition but also supports better academic and health outcomes. A 2024 systematic review of United States-based studies found that participation in the community eligibility provision (CEP)—a federal mechanism that enables schools to serve free meals to all students—was associated with increased school meal participation, improved attendance, and lower obesity rates among students. Lunch participation rose significantly in CEP schools, with moderate certainty of evidence supporting this effect. While the impact of participation in CEP on attendance was mixed, some studies reported slight improvements, especially among younger students. One

Key Terms and Abbreviations

CEP - Community Eligibility Provision: Federal option allowing high-poverty schools to serve meals free to all students without collecting household applications.

HUSM - Healthy Universal School Meals Act: New Mexico's 2023 law establishing universal free school meals.

ISP - Identified Student Percentage: The federal term for the percentage of students certified for free school meals without a household application. This includes students in the Supplemental Nutrition Assistance Program (SNAP or food stamps), Temporary Assistance for Needy Families, Food Distribution Program on Indian Reservations (FDPIR), foster care, Head Start, and those who are homeless, migrant, or runaway.

NSLP - National School Lunch Program: Federal program providing free and reduced-price lunches to eligible students. The biggest school meal program in the United States, NSLP was created under President Truman in 1946.

SBP - School Breakfast Program: Federal program providing free and reduced-price breakfasts to eligible students.

SFA - School Food Authority: Entity with legal authority to operate school meal programs. Can be in a school district, individual school, or group of schools, making administrative decisions about meal service and compliance with federal or state requirements.

Sources: USDA, House.gov, LFC Files

study also documented a reduction in obesity prevalence, suggesting a potential protective effect of universal meal programs on student health.

Before HUSM, schools relied on a tiered federal reimbursement model that placed most or all of the burden on families. Students qualified for free, reduced-price, or paid meals based on household income. The federal government reimbursed schools at different rates depending on the student’s eligibility status, but reimbursement levels typically fell short of covering total meal costs. While some high-poverty schools qualified for full federal reimbursement through the community eligibility provision (CEP), others had to use state equalization guarantee (SEG) funds or charge families to make up the difference. State support covered only reduced-price copays and local food purchases through the New Mexico Grown program.

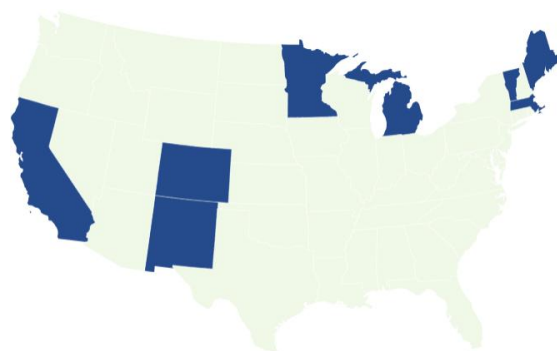
As of the 2025-26 school year, eight states including New Mexico have permanently enacted universal free school meal laws. To combat stigma and streamline access, states with universal school meal programs eliminate income-based tracking, allowing all students to receive meals without distinguishing between paying and nonpaying peers. This policy promotes equity and reduces administrative burdens, such as collecting applications or verifying income, which can be time-consuming and prone to errors.

New Mexico Legislature passed the Healthy Universal School Meals (HUSM) Act unanimously in 2023, establishing free meals for all students regardless of income. HUSM aims to eliminate nutritional disparities and improve student well-being by removing income-based eligibility requirements and the stigma associated with free lunch programs while also increasing the quality of meals served by requiring scratch cooking thresholds, requiring locally sourced food, and reducing food waste. HUSM also aims to address systemic nutritional disparities that disproportionately affect rural, indigenous, and Hispanic communities across the state.

New Mexico’s school funding formula, known as the **state equalization guarantee (SEG)** distribution, is based on student enrollment and characteristics, program participation, and school site differences. The formula distributes operational funds to school districts and charter schools non-categorically, to provide for local budgeting decisions. For the purposes of this report, these funds will be referred to as SEG funds.

Findings in the *Yazzie/Martinez v. State of New Mexico* education sufficiency lawsuit indicated the primary purpose of SEG funding is to support classroom spending, as the court ruled that funding was deficient as evidenced by the use of SEG to supplement other operational needs, such as additional local costs for transportation and PED initiatives.

Figure 1. The Eight U.S. States with Universal Free School Meal Programs in 2025



- California
- Colorado
- Maine
- Massachusetts
- Michigan
- Minnesota
- New Mexico
- Vermont

Note. Nevada implemented USM in 2023 using pandemic relief funds, but the initiative was discontinued after one year by Governor Lombardo, citing concerns about food waste and a desire to return to pre-pandemic operations.

Source: FRAC

The Legislature set out stringent meal quality, funding, and sustainability requirements in the 2023 statute that, in some of its features, go beyond those of other states. The law creates a multi-layered funding structure, combining state and federal resources. The state provides \$42 million in recurring annual funding, with unspent balances carrying forward. The law requires (1) school districts and charter schools to provide free school meals to all students, (2) the state to cover the costs of any meals not covered by available federal funds, and (3) the Public Education Department (PED) to oversee implementation of free school meals. PED manages the state funding through a two-tier reimbursement system, offering higher reimbursement rates to schools that meet meal quality standards and lower rates to those that do not. This financial incentive is designed to drive improvements in meal quality.

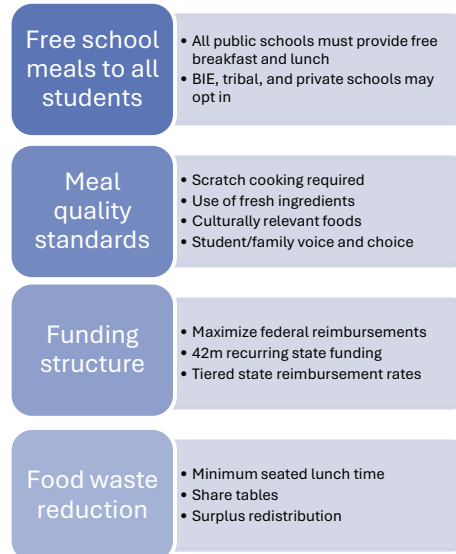
Under the statute, all public-school districts and charter schools must provide free, high-quality breakfast and lunch to all students, with federal Bureau of Indian Education schools, tribal schools, and private schools having the option to participate. Schools cannot use a student’s eligibility for federal free and/or reduced-price meals to determine meal access, ensuring universal eligibility statewide.

New Mexico goes beyond other states by implementing strict meal quality requirements. Unlike other states, New Mexico ties higher state reimbursements to meal quality standards, including scratch cooking, use of fresh ingredients, and culturally relevant meals. PED defines scratch cooking as preparing at least 50 percent of weekly meal components from whole, unprocessed ingredients. Schools must prepare meals for same-day consumption using whole grains, fresh fruits and vegetables, and minimally processed proteins. Cooked meat or meat alternatives—such as beef crumbles or diced chicken—may be used as scratch ingredients when combined with other components and cooked into meals on-site. This approach aims to ensure students receive meals made with fresher and less processed ingredients compared to pre-packaged or fully processed alternatives.

Local food procurement is also a core component of the law. Schools receive incentive grants to purchase New Mexico-grown, raised, or processed foods. Schools can use the grant to make purchases of approved food items from New Mexico growers and producers on an approved supplier list.

Food waste reduction requirements direct schools to provide students from kindergarten to fifth grade up to 20 minutes of seated lunch time, implement “share tables” for returning unopened items, and redistribute surplus food to students, food banks, or nonprofits. These steps are intended to reduce waste and improve food security.

Figure 2. Key Features of HUSM Law



Source: HUSM

Timeline of HUSM in New Mexico

- **Spring 2023:** HUSM Act passed
- **Fall 2023:** Universal school meals implemented in schools
- **March 2024:** Draft rule promulgated
- **September 2024:** Final rule promulgated
- **Spring 2026:** SFAs will be required to submit food service plans to PED

Universal meal programs tend to increase participation most among higher-income students

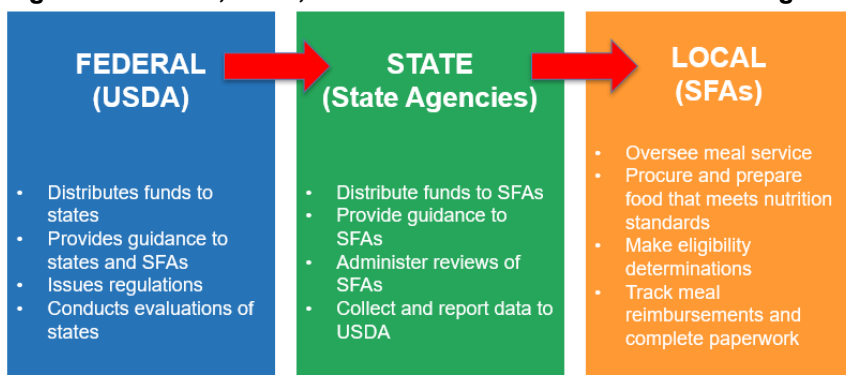
Multiple studies indicate that initial increases in participation under universal free meal policies occur largely among students who previously paid full price—especially in states where participation among low-income students was already high. For example, California’s first year of its statewide universal meals policy saw the largest relative increases in participation among families that had not previously qualified for free or reduced-price meals. National reports confirm similar trends in states like Maine and Vermont, where participation among low-income students had already been near saturation before universal implementation.

Sources: Cohen, et. al.; FRAC

School meals are paid through both federal and state funds, totaling \$247 million in the 2023-2024 school year.

Federally, programs like the National School Lunch Program (NSLP) and School Breakfast Program (SBP) receive automatic, ongoing funding from Congress—called permanent budget authority—and reimburse schools based on the number and type of meals served. At the state level, the

Figure 3. Federal, State, and Local Roles in School Meals Programs



Source: CRS

Legislature appropriates funds annually to the Public Education Department (PED) to cover remaining costs not reimbursed by the federal government, including enhanced rates for schools meeting state-defined quality standards.

Under the Healthy Universal School Meals (HUSM) program, the reimbursement process is a coordinated effort among PED, school food authorities (SFAs), and the U.S. Department of Agriculture (USDA). SFAs prepare and serve meals that meet USDA nutrition standards and submit monthly claims to PED, detailing the number and category of meals served (free, reduced-price, or paid). While schools review claiming data monthly to ensure accurate meal counts and free or reduced eligibility coding, their monthly ISP percentage does not change during the school year. CEP claiming percentages are locked in for the duration of a school’s four-year cycle, unless the SFA re-establishes in April due to an increase in ISP. PED consolidates these claims, submits them to USDA for federal reimbursement, and provides additional state funding to fill any gaps.

At the federal level, school meal programs are primarily funded through mandatory appropriations—automatic spending authorized by permanent law rather than annual budget decisions—which totaled \$221 million for New Mexico in FY24. These funds include per-meal cash reimbursements, USDA commodity support, and administrative funding. However, in the few years since universal school meal programs have taken off, federal reimbursements have fallen short of actual meal production

School meal participation gains often trail behind spending

Making meals free for all students results in immediate participation boosts, but that does not guarantee one-to-one increases in meal take-up following investments in program quality improvements. A 2024 systematic review of universal free school meals (UFSM) found strong gains in lunch participation overall, but noted that additional impacts—such as diet quality and waste reduction—vary depending on local context and persist over time. Similarly, Food Research and Action Center (FRAC) data after the end of pandemic-era universal meal waivers revealed declines in participation once costs returned, signaling that cost barriers—not just quality—are the primary driver of immediate behavior change.

Sources: FRAC; Spill, et al.

Reimbursement

A “reimbursable” meal is one that meets USDA nutrition standards and qualifies for federal reimbursement. Participation is typically reported separately for breakfast and lunch and may be disaggregated by grade level, income category, or school type.

In schools operating under the Community Eligibility Provision (CEP) or Healthy Universal School Meals (HUSM), the state or federal government reimburses schools for each meal served, not for every enrolled student. This means funding depends on actual student participation—how many students take and eat the meals—not just eligibility.

Tracking participation is essential for estimating federal reimbursements, evaluating program reach, and assessing whether investments are equitably improving access and outcomes.

Sources: USDA, LFC Files

Direct certification is a process through which state agencies and school districts automatically certify children for free meals based on documentation of the child’s status in a program or category without the need for a household application.

Source: Congressional Research Center

costs—especially amid rising food prices, inflation, and labor shortages—requiring supplemental funding from the state, or local sources.

Table 1. Federal School Meal Reimbursement Rates for Contiguous States

	National School Lunch Program (NSLP)			School Breakfast Program (SBP)		
	Less than 60%	60% or more	Maximum	Non-Severe	Severe Need	Severe Need
2024-25						
Paid	\$0.42	\$0.44	\$0.50	Paid	\$0.39	\$0.39
Reduced	\$4.03	\$4.05	\$4.20	Reduced	\$2.07	\$2.54
Free	\$4.43	\$4.45	\$4.60	Free	\$2.37	\$2.84
2025-26						
Paid	\$0.46	\$0.50	\$0.52	Paid	\$0.40	\$0.40
Reduced	\$4.22	\$4.20	\$4.37	Reduced	\$2.16	\$2.64
Free	\$4.62	\$4.60	\$4.77	Free	\$2.46	\$2.94

Source: USDA

How Money Is Allocated for School Meals in New Mexico

Funding for school meals in New Mexico is allocated on a per-meal basis, not as a flat per-student rate. Schools receive federal reimbursement for each meal served, with rates based on meal type and student eligibility. The state provides additional funding to cover the full cost of universal free meals, including a gap payment where federal funds fall short. Schools that meet higher meal quality standards may qualify for increased state reimbursement.

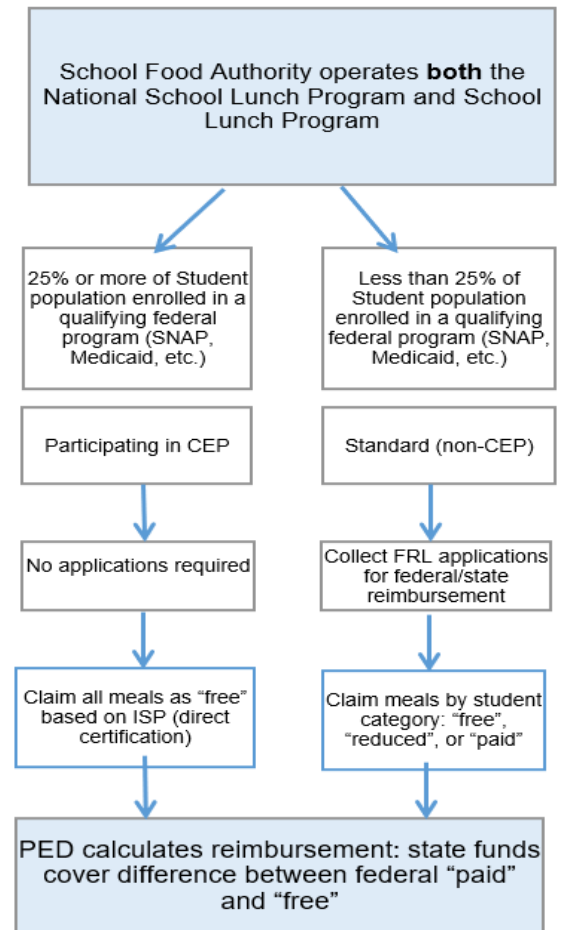
Source: PED

The community eligibility provision (CEP) plays a central role in how schools claim reimbursements under HUSM. As of the 2024-2025 school year, all New Mexico public school districts except Los Alamos Public Schools have adopted CEP. Los Alamos has relatively few students from low-income households and remains ineligible due to a low “identified student percentage” (ISP) of 13 percent, well below the 25 percent minimum for participation. Most other districts exceed that threshold, with many schools falling in the 50 to 60 percent ISP range.

When a school food authority (SFA) participates in the community eligibility provision (CEP), it no longer collects free and reduced-price meals (FRL) applications, forms used to determine student eligibility for federally subsidized meals based on household income. All meals are served to students free of charge and most are claimed at the “free” rate, with the federal reimbursement amount determined by the school’s ISP. Schools with an ISP of 62.5 percent or higher receive full federal reimbursement for all meals. For schools with lower ISPs, the federal government reimburses a portion of the meals at the lower “paid” rate, and the New Mexico Public Education Department (PED) issues a state-funded “gap payment” to cover the difference between that rate and the full meal cost. This mechanism ensures that meals remain free to students regardless of federal reimbursement levels.

For schools not participating in CEP, either due to ineligibility or to preserve eligibility for programs such as Title I or SUN Bucks, the FRL application process remains in effect. SUN Bucks (officially, Summer EBT) is a federally funded grocery benefit

Figure 4. How School Food Authorities Claim Reimbursement Under Healthy Universal School Meals



Source: PED

program for low-income families to help replace school meals during the summer, and eligibility often depends on income data collected through FRL applications. Students attending CEP schools who are not categorically eligible for free meals must still complete a SUN Bucks income application to determine whether they qualify for the benefit. In both non-CEP schools and for these CEP students, schools must collect household income forms and claim meals based on each student’s eligibility category: free, reduced-price, or paid. While all meals are still served free to students under HUSM, this classification affects how much reimbursement the school receives from federal versus state sources. Ultimately, PED calculates the full reimbursement owed to each SFA and provides state funding to cover any shortfall not met by federal contributions.

To further maximize federal reimbursements, the HUSM Act requires monthly direct certification. This process identifies students who qualify for free meals through participation in other federal programs, such as Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or Medicaid, without the need for household applications. The higher the number of directly certified students, the more meals a school can claim at the higher federal “free” rate—a reimbursement amount provided by USDA for meals served to students eligible for free lunch, which exceeds the rates for reduced-price or paid meals—thereby reducing reliance on state funding. However, the elimination of a tangible benefit for submitting income forms has raised concerns about declining return rates. Reduced application and certification rates may not only lower federal reimbursement levels but also impact eligibility for other federal programs. For this reason, PED advises schools to consult with the department before deciding whether to collect income data, as doing so may be duplicative or inefficient under the new HUSM framework.

New Mexico ranks highest nationally in community eligibility provision (CEP) adoption, with 99 percent of eligible school districts participating in the 2024–25 school year. This achievement is a result of HUSM requiring districts to maximize federal CEP funding before using

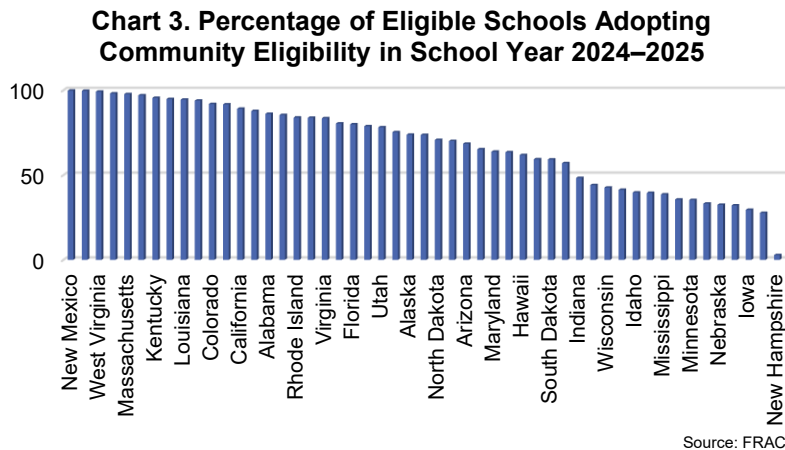


Table 2. Number of Families by Percent of the Federal Poverty Level, 2023

	Families with Children under 18	FRL Eligibility
Under 130% FPL	71,381	Free
Between 130% to 184% FPL	30,007	Reduced
185%+ FPL	133,900	Not Eligible

Note: FPL = Federal poverty level. Near eligibility as defined by PED (incomes at 185-300% FPL) is combined with those families earning more than 300% FPL
Source: ACS 2023

Income Levels
130% of the Federal Poverty Level (FPL)

- 1 person: \$20,345 Free
- 2 persons: \$27,495
- 3 persons: \$34,645
- 4 persons: \$41,795

185% FPL

- 1 person: \$28,953 Reduced
- 2 persons: \$39,128
- 3 persons: \$49,303
- 4 persons: \$59,478

300% FPL

- 1 person: \$46,950
- 2 persons: \$63,450
- 3 persons: \$79,950
- 4 persons: \$96,450

Income above 185% FPL not eligible

How HUSM is Funded

- **Blended funding:** Federal reimbursements are the base; state funds fill the gap to provide free meals for all.
- **NSLP & SBP:** Schools get federal per-meal reimbursements, with maximum ratios ranging from \$0.52 (paid lunch) to \$4.77 (free lunch); breakfast rates are \$0.44–\$2.91 (2025–26).
- **Maximizing reimbursement:** Schools use the Community Eligibility Provision (CEP) or direct certification to claim as many meals as possible at the higher “free” rate.
- **The gap:** Meals not covered at the free rate get lower (“paid”) reimbursement, creating a shortfall.
- **State support:** The Legislature annually funds this gap so all students eat free, keeping schools in compliance with federal rules.

state resources. By ensuring nearly all eligible districts offer free school meals to every student, New Mexico has reduced administrative burden, eliminated stigma, and set a national model for equity and food security—all while strategically leveraging federal and state resources to support student nutrition and achievement.

First-year funding for New Mexico's Healthy Universal School Meals program drew from both federal and state funding sources totaling \$247 million. New Mexico spent \$23.1 million of general fund on HUSM equating to 10 percent of the programs budget, with the rest of the program budget being funded through federal revenue, which highlights the importance of blending funding sources and maximizing federal funds. Federal reimbursements of \$218 million received through the National School Lunch Program and School Breakfast Program provided the majority of funding (88.2 percent). Additional support came through capital outlay, which authorized \$20 million for kitchen infrastructure improvements from FY24 and FY25 to be expended through FY27. Program expenditures reached \$247 million with \$92 million expended on food (37 percent), \$89 million on staff (36 percent), \$39 million on contracts (16 percent), and \$28 million on operations (11 percent).

Effective coordination between state and local entities underpins the delivery, monitoring, and continual improvement of universal school meals.

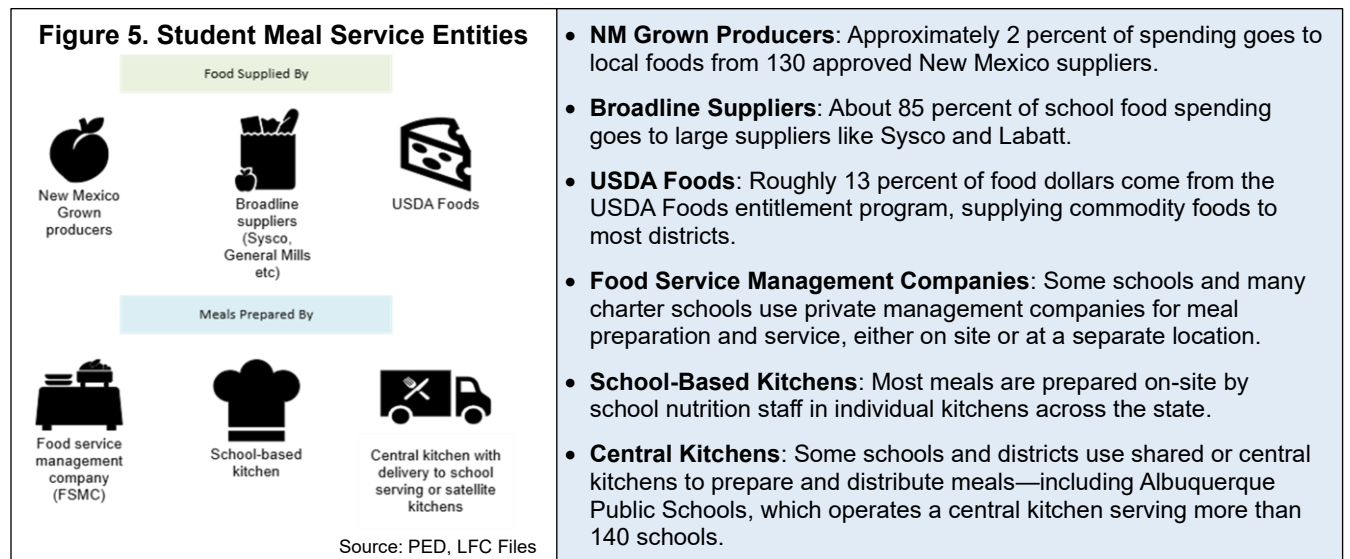
The successful implementation of HUSM depends on the roles and collaboration of key actors, including the Public Education Department (PED), school food authorities (SFAs), food vendors, and nonprofit partners.

Table 3. Funding Sources and Uses for School Meals Programs FY24

Source of Funds	Amount in thousands
USDA National School Lunch Program/School Breakfast Program	\$218,070
Universal Free Lunch (State funded)	\$23,086
Fresh Fruit and Vegetables	\$2,580
NM Grown FVV	\$1,821
CYFD - Child and Adult Care Food Program	\$232
Child & Adult Food Program	\$897
USDA 2010 Equipment Assistance Program	\$522
Public School Kitchen Infrastructure FY24 and FY25	\$20,000
Total	\$247,246

Use of Funds	Amount in thousands
Food	\$91,782
Employee Comp and Benefits	\$89,393
Contracts	\$38,860
Maintenance, Supplies, Utilities, Vehicles, Other	\$27,943
Total	\$247,978

Sources: LFC analysis of OBMS data



PED's Student Success and Wellness Bureau (SSWB) oversees New Mexico's implementation of federal nutrition programs and provides training regarding federal and state law. PED serves 210 school food authorities (SFAs) across public school districts, charter schools, federal Bureau of Indian Education (BIE) schools, private schools, and residential childcare institutions (RCCIs).

PED typically issues payments to SFAs every 30 to 45 days, managing roughly seven reimbursement cycles per fiscal year. Because most reimbursements occur in the second half of the year, SFAs must maintain sufficient cash flow to cover food and labor costs in the interim. Payments may include federal reimbursements, state gap funding, USDA commodity allocations, and administrative reimbursements.

To support implementation of HUSM requirements—particularly scratch cooking, food safety, and meal quality—PED launched a statewide training initiative during the 2024–25 school year. As of May 2025, PED had conducted 16 of 18 planned culinary trainings, with additional sessions scheduled through summer 2025. These trainings focus on hands-on culinary skills, including raw protein handling, batch cooking, and safe food preparation practices. PED has also planned a statewide training event in 2025 and is collaborating with outside vendors to provide targeted technical assistance to high-need districts. Additional capacity-building support is offered through national partners, such as the Institute of Child Nutrition (ICN), which provides training modules free of charge, promoting team-based capacity building. PED complements its training activities with recurring calls and regional meetings for district leaders to address localized implementation barriers like staffing shortages, facility constraints, and food safety concerns—and promote peer learning.

PED Student Success and Wellness Bureau (SSWB): Oversees implementation of federal nutrition programs, serving 210 school food authorities (SFAs) across public districts, charters, BIE schools, private schools, and RCCIs. PED issues payments to SFAs every 30–45 days (about seven cycles per year), but most funds are distributed in the second half of the fiscal year—requiring SFAs to manage cash flow. Payments can include federal and state reimbursements, USDA commodities, and administrative funds. To support HUSM, PED launched statewide culinary and food safety trainings in 2024–25, with 16 of 18 completed by May 2025. Trainings focus on scratch cooking, food safety, and batch prep, and are supported by the Institute of Child Nutrition and targeted technical assistance for high-need districts. PED also hosts regular calls and meetings to address local challenges and promote peer learning.

School Food Authorities (SFAs): Local agencies responsible for administering school meal programs and ensuring compliance with federal and state rules. New Mexico has about 210 SFAs, including districts, charters, BIE schools, and private nonprofits. SFAs manage all aspects of

Student Success and Wellness Bureau (SSWB)

Responsibilities:

- Processing meal reimbursements to schools that meet federal and state requirements
- Conducting compliance monitoring and oversight
- Providing professional development for food service personnel
- Supporting program innovation and best practices
- Offering technical assistance to district leadership, educators, business officials, and food service directors

Source: PED

school meals—procurement, staffing, menu planning, reporting—and are the primary point of accountability to PED. Under HUSM, SFAs must provide universal access to meals, meet scratch cooking and local sourcing goals, and reduce food waste.

New Mexico Grown: A state-funded program that reimburses schools and public nutrition programs for purchasing fresh, minimally processed foods from New Mexico producers. Although New Mexico Grown foods account for only about 2 percent of school food spending, the program is valued for supporting local farmers, building student engagement, and creating stable markets for New Mexico agriculture. Schools purchase from an approved supplier list maintained by the NM Farmers’ Marketing Association, helping them incorporate local foods and meet HUSM targets for scratch-cooked, high-quality meals.

HUSM faces growing fiscal and administrative challenges, as rising costs, shifting federal reimbursements, and structural constraints put pressure on the sustainability of its blended state–federal funding model.

New Mexico’s HUSM initiative has significantly expanded student access to nutritious meals. The program’s long-term sustainability could be at risk due to rising costs and heavy reliance on federal reimbursements. As federal support becomes more uncertain, strategic planning and robust accountability will be essential to maintain equitable access and fiscal viability. The program has exceeded its budget in its first two years, prompting the Legislature to more than double its financial commitment from \$20 million in FY24 to \$42.2 million in FY26.

Inconsistent local revenue, declining enrollment, and staffing shortages have strained school nutrition budgets in many states, raising concerns about the long-term viability of universal school meal (USM) programs. Even before states adopted USM policies, USDA’s *2019 School Nutrition and Meal Cost Study* found that schools were underfunded by an average of 49 cents per lunch. In Maine, schools needed an additional 33 cents per breakfast and 52 cents per lunch beyond federal subsidies to break even. The Congressional Research Service reports that several early adopter states have encountered substantial gaps between projected and actual program costs—especially where dedicated, recurring state funding was absent—highlighting the fiscal fragility of universal meal programs.

As in other early-adopter states, New Mexico’s HUSM program overspent its budget, prompting the Legislature to appropriate supplemental funding. When New Mexico expanded meal access to all students regardless of income, participation increased, and a combination of rising food and labor costs, higher meal quality standards, and stagnant federal reimbursement rates that may not fully cover actual expenses all

Program Cost Overruns in USM Early-Adopter States

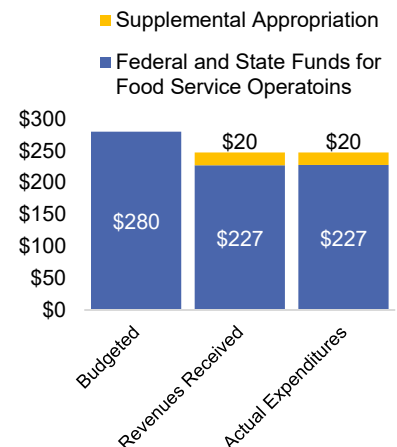
Several early-adopter states have encountered substantial gaps between projected and actual program costs in their first years—especially where dedicated, recurring state funding was absent—highlighting the fiscal fragility of universal meal programs:

- Michigan exceeded its first-year budget by \$30 million;
- Colorado fell short by \$56.1 million;
- Minnesota fell short by over \$40 million across two years, with costs projected to rise further.

These overruns were driven in part by sharp participation increases: Colorado saw a 35 percent jump in breakfast and 31 percent in lunch participation, while Minnesota reported 50 percent more breakfasts and 30 percent more lunches served.

Sources: *Chalkbeat Colorado*; *Ordo News*; *Associated Press*

Chart 4. Statewide Total Budget, Revenue, and Expenditures for Food Service Programs in FY24 (in millions)

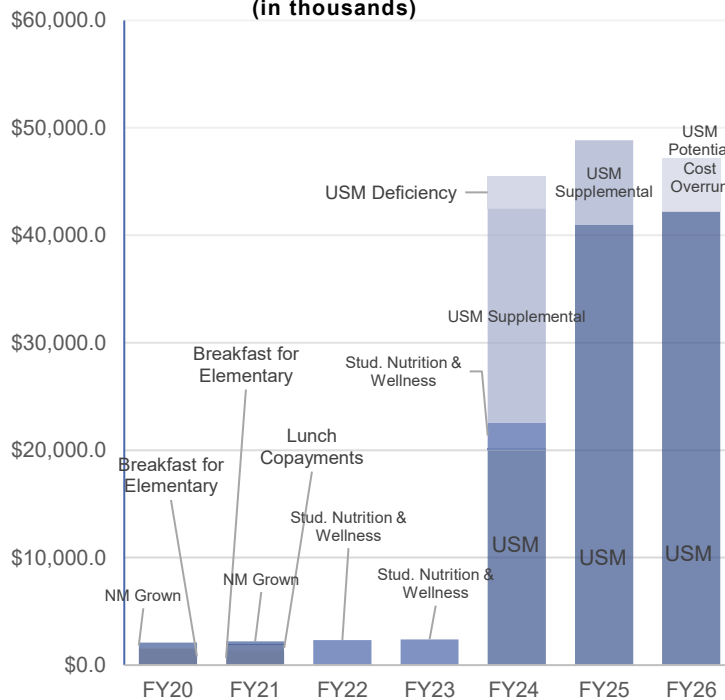


Source: LFC analysis of OBMS data

contributed to program costs exceeding available federal and state funding. To address this shortfall and maintain program viability, the Legislature enacted a series of supplemental appropriations. The state's recurring financial commitment has grown substantially since implementation:

- FY24: \$39.9 million initial appropriation for HUSM implementation
- FY25: \$48.8 million (105 percent increase from previous year)
- FY26: \$42.2 million (3 percent increase, indicating stabilization)

**Chart 5. State Appropriations to School Meals
FY20-26
(in thousands)**



Source: LFC Files

Table 4. State Funds for HUSM

NM State Fund/Program	Definition
USM (Core Funding)	Covers gap between federal reimbursement & free meals for all
USM Supplemental	Filled shortfalls
USM Deficiency	Covered end-of-year shortfall
USM Potential Overrun	Contingency for participation/inflation increases
Student Nutrition & Wellness	Supported nutrition education, staff training, outreach in Year One
Personnel for Food	Hired/supported food service staff at outset
NM Grown	Grants for schools to buy NM-grown foods

Source: LFC Files

An important challenge in HUSM financing is ensuring that any state investments supplement rather than supplant federal funding.

Policymakers and advocates worry that without clear rules and oversight, state or local dollars may inadvertently replace, rather than enhance, federal reimbursements. This risk is particularly acute in states where revenue constraints encourage budget offsets. Federal CEP policy encourages schools to maximize federal reimbursement before using state funds, preserving the intent that new resources should expand capacity, improve quality, or fill remaining gaps. Several states—such as California, Colorado, and Massachusetts—have adopted safeguards in their legislation or program guidelines to ensure that state funds are only used after all eligible federal reimbursements are drawn down. USDA also requires that

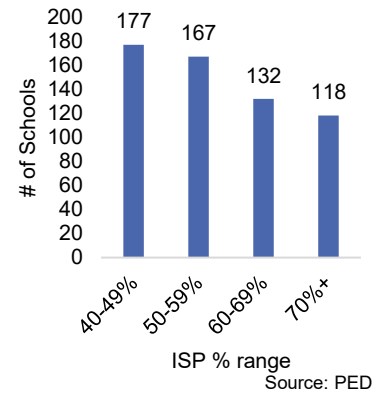
nonfederal sources of funding be tracked and reported for audit purposes, further discouraging improper supplanting. Nevertheless, this remains a live issue for policymakers as they design accountability mechanisms.

HUSM faces growing fiscal and administrative risks due to reductions in federal support, shifting eligibility thresholds, and a funding model highly reliant on federal reimbursements. The 2025 federal budget reconciliation bill includes provisions that could reduce New Mexico's direct certification rates by an estimated 3 percent, potentially disqualifying some schools from the community eligibility provision (CEP) and reducing federal reimbursements for universal meal programs. Using Urban Institute estimates of the bill's impact on Medicaid and Supplemental Nutrition Assistance Program participation in New Mexico, LFC staff determined that approximately 8,783 students, about 2.9 percent of the public school population, may lose direct certification through the USDA. These changes could disqualify an estimated 20 schools from CEP eligibility and reduce reimbursement rates for another 60 schools, shifting greater cost burdens to the state, though according to PED this would not occur until 2030 at the earliest.

HUSM eligibility is closely tied to automatic student qualification through federal programs such as Supplemental Nutrition Assistance Program and Medicaid. Even modest declines in enrollment or changes to federal eligibility rules can jeopardize a school's ability to participate in CEP, which determines whether school meals are fully reimbursed by federal funds. The 2024-2025 school year CEP data show that of the 697 New Mexico public schools participating in the National School Lunch Program, 594 (85 percent) opted into CEP. Of those, 177 schools had identified student percentages (ISP) between 40 and 50 percent—just above the minimum threshold for participation—while 167 schools were in the 50–60 percent range and 132 in the 60–70 percent range. Only 118 schools (20 percent) reported ISPs above 70 percent, offering a limited cushion against future federal policy shifts.

Having established the legislative background, funding mechanisms, and statutory requirements for New Mexico's Healthy Universal School Meals (HUSM) initiative, the following sections present detailed evaluation findings in relation to the primary objectives of this review. Specifically, the analysis examines: (1) how effectively HUSM has been implemented statewide; (2) the program's impact on student participation, nutrition quality, and local food procurement; (3) the fiscal sustainability and adequacy of blended federal and state funding; and (4) operational and compliance challenges encountered by school food authorities. These findings assess the extent to which the HUSM program is meeting its statutory goals, identify persistent barriers to success, and highlight implications for program improvement and long-term viability.

Chart 6. Distribution of CEP Schools in New Mexico by Identified Student Percentage, 2024-2025 School Year



Implications of the 2025 federal reconciliation bill:

Roughly 3 percent of students may lose direct certification, costing the state an estimated \$7.4 million to maintain universal free meals.

An estimated **20 schools** may lose the community eligibility benefit provision; and

An estimated **60 schools** may no longer qualify for full reimbursement.

Source: LFC analysis of Urban Institute and PED data

Increased Investment in HUSM Has Led to Modest Gains in Participation

Despite a 20 percent increase in state investment in universal school meals in 2023-2024 school year (SY24) following the passage of HUSM, student participation has only risen by 8.5 percentage points for lunch and 8.3 percentage points for breakfast, and food expenditures have remained steady at around 37 percent of program costs, indicating increased program expenditures are not driven by increases in student participation but increased investment in food, staffing, and operations. Both federal and state funding have grown since the passage of HUSM, but many SFAs are facing budgeting challenges. While New Mexico’s investment covers meals for students who would otherwise not qualify for free or reduced meals, many SFAs are exceeding recommended expenditures and relying on SEG funds, raising concerns about long-term sustainability and the possible supplanting of federal funds.

The Healthy Universal School Meals Act makes it possible for federal Bureau of Indian Education (BIE) schools and private schools to participate in the program, and in FY24, those that opted in collectively received approximately \$4.68 million in funding to serve 7,645 students. However, PED does not currently track these schools’ participation or expenditures within the state’s operating budget management system (OBMS), leaving gaps in data on program reach and performance for these institutions.

Spending Increases in School Meal Programs Are Not Primarily Driven by Increases in Student Participation

The state increased its investment in universal school meals by 20 percent from \$206 million in SY23 to \$247 million in SY24. Despite the increased investment, student participation only increased by 8.5 percentage points from 54.7 percent in SY23 to 63.2 percent in SY24. Although participation increased for students who qualified for free or reduced-priced meals, participation increased more for students who did not qualify, indicating that much of the state’s investment has increased participation among students who otherwise do not qualify for free or reduced-price meals. In SY24, an average of 121 thousand students participated in breakfast and 171 thousand students participated in lunch across the state. Despite the overall investment, the percentage of program expenditures spent on food has remained around 37 percent. This indicates school food authorities are also investing proportionally in staff and operations.

Average Target-Day Participation Rates in the National School Lunch Program

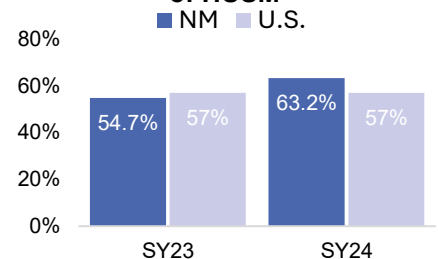
- All Students: 57.0
- Elementary School: 71.3
- Middle School: 52.0
- High School: 38.9

Average Target-Day Participation Rates in the National School Breakfast Program

- All Students: 21.4
- Elementary School: 28.2
- Middle School: 18.6
- High School: 14.3

Source: USDA & Congressional Research Service

Chart 7. NM Student Participation in National School Lunch Program Rose Above the National Rate Following Passage of HUSM



Source: LFC analysis of PED & OBMS data, USDA, and Congressional Research Service

Average Daily Participation: the average number of children, by eligibility category, participating in the Program each operating day.

Numbers obtained by dividing:

- (1) The total number of free lunches claimed during a reporting period by the number of operating days in the same period;
- (2) The total number of reduced price lunches claimed during a reporting period by the number of operating days in the same period; and
- (3) The total number of paid lunches claimed during a reporting period by the number of operating days in the same period.

Source: NSLP

Most of the growth in the number of meals served is attributable to students who would not previously have been eligible for free meals because of their family's income. Of the 2.5 million additional breakfasts and 2.9 million additional lunches served by SFAs in FY25 compared to FY23, 3.9 million, or 71 percent, were served to students who would not have qualified for free or reduced-price meals prior to the enactment of HUSM. However, students qualifying for free meals also consumed 2.2 million more meals in FY25 than in FY23, a number that likely includes many meals served to students who would previously have qualified for reduced-price meals. That suggests the universal school meals program is increasing access for the neediest students, while at the same time covering the cost of meals for students who otherwise would not qualify for free or reduced-price meals. Assuming a per-meal cost of \$4.13, calculated by dividing the total number of meals by the total spent on food services, FY25 meals for students who would not have been eligible prior to HUSM likely cost the state \$17.4 million.

In FY25, the state paid \$17.4 million for meals for students who would not qualify for free or reduced priced meals.

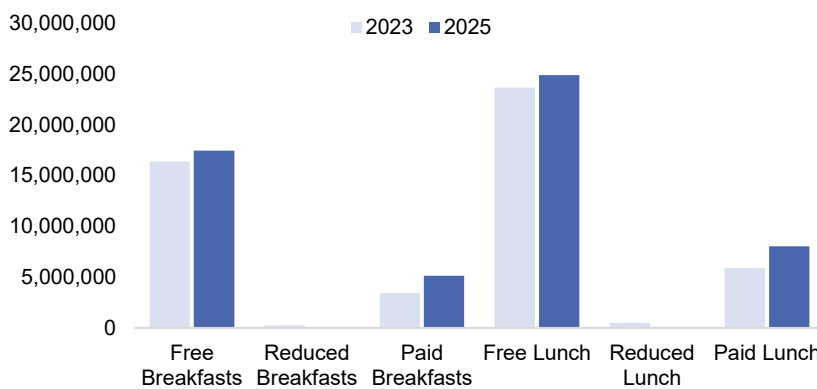
Source: LFC analysis of PED data.

National School Lunch Program definitions and eligibility for free, reduced, and paid lunches:

- **Free:** Lunch provided to a child at no cost, subsidized by the federal government. Children in households with incomes at or below **130 percent of the federal poverty level** qualify for free lunches.
- **Reduced:** A lunch provided to a child at a reduced cost, with a maximum charge of 40 cents for lunch (and 30 cents for breakfast), subsidized by the federal government. Children in households with incomes between **130 percent and 185 percent of the federal poverty level** qualify for reduced-price meals.
- **Paid:** A lunch purchased by the student at the full price set by the local school district. Children from households with incomes above **185 percent of the federal poverty level** are generally expected to pay the full price for school lunches.

Source: USDA

Chart 8. Meals Served by Student Eligibility Category, FY23 vs FY25



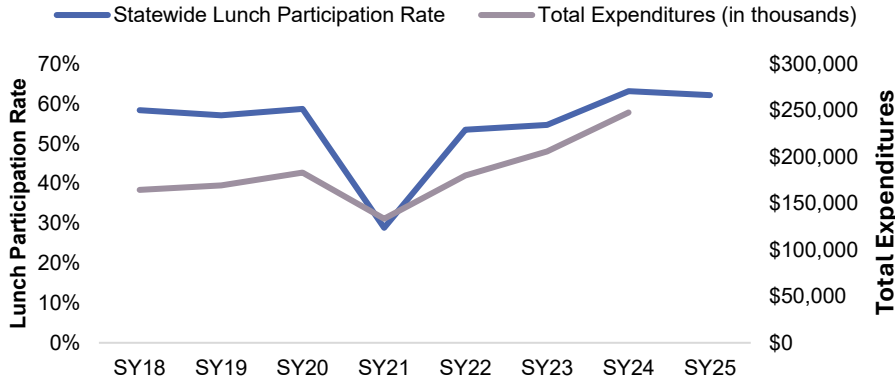
Source: PED, Food Initiative Dashboard

Spending on food service programs increased by 20.3 percent from SY23 to SY24, while the number of students served at lunch only increased by 8.5 percentage points. Following the passage of the HUSM legislation, expenditures on food service programs increased from \$206 million in SY23 to \$248 million in SY24, an increase of 20.3 percent. However, participation in school lunch programs increased from 54.7 percent in SY23 to 63.2 percent in SY24, an increase of 8.5 percentage points. Participation in breakfast programs saw a similar increase, with 36.4 percent in SY23 to 44.8 percent in SY24, an increase of 8.3 percentage points. In other words, about 24 thousand more students ate school lunches and 23 thousand more students ate breakfast in SY24 following the passage of HUSM. Although expenditure data for SY25 is not yet available at the time of reporting, participation rates in SY25 dropped slightly with a statewide participation rate of 62.2 percent in lunch and 42.7 percent in breakfast.

171 thousand NM students participated in school lunch and 121 thousand NM students participated in breakfasts in SY24.

Source: LFC analysis of PED data.

Chart 9. Statewide Expenditures in Schol Meal Programs Has Increased at a Higher Rate Than Participation (in thousands)



Source: LFC analysis of OBMS and PED data

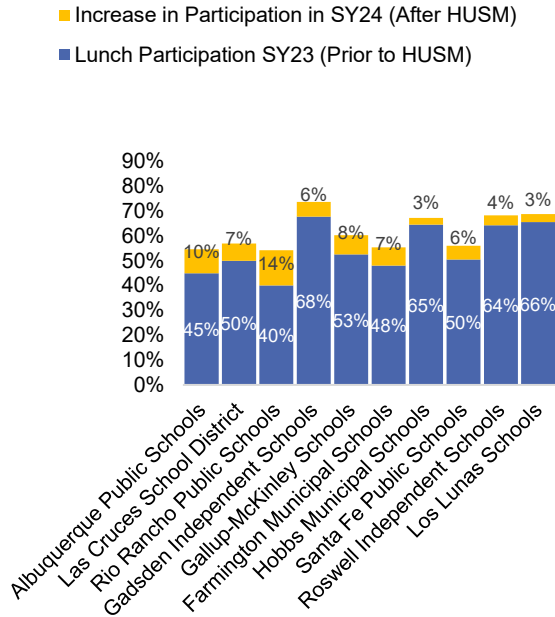
Student participation in school meal programs increased in the state’s largest school districts, and districts with the lowest income. All 10 of the state’s largest school districts experienced increases in student participation in school breakfast and lunch following passage of HUSM. Student participation in school lunches increased 9.7 percent in Albuquerque Public Schools, 6.9 percent in Las Cruces School District and 14.1 percent in Rio Rancho Public Schools. New Mexico school districts with the highest ISPs, which serve a high proportion of students from low-income families, also experienced increases in school meal participation rates. In other words, even though the state may be paying for school meals for students who otherwise would not qualify for free or reduced meals, the increased participation in lower income communities indicates the program is working to serve the students who may need it more.

Table 5. School Food Authorities with the Largest State Universal Free Lunch Per Student Expenditures and Identified Student Percentage

School Food Authority	Enrollment SY24	ISP SY25	Lunch Participation SY24	NM State Universal Free Lunch Expenditures SY24
Rio Rancho Public Schools	15265	33.9%	54.2%	\$2,391,913
Hobbs Municipal Schools	10133	44.6%	67.2%	\$2,088,803
Los Lunas Schools	8050	47.2%	68.8%	\$1,376,866
Los Alamos Public Schools	3667	10.0%	51.1%	\$1,243,807
Carlsbad Municipal Schools	3316	39.4%	100.0%	\$650,248
Aztec Municipal Schools	2480	49.0%	77.5%	\$482,884
Lovington Municipal Schools	3116	43.9%	67.8%	\$430,846
Portales Municipal Schools	2559	54.9%	69.3%	\$427,901
Artesia Public Schools	3703	40.9%	50.3%	\$408,083
Gallup-McKinley County Schools	11637	66.4%	60.3%	\$401,426

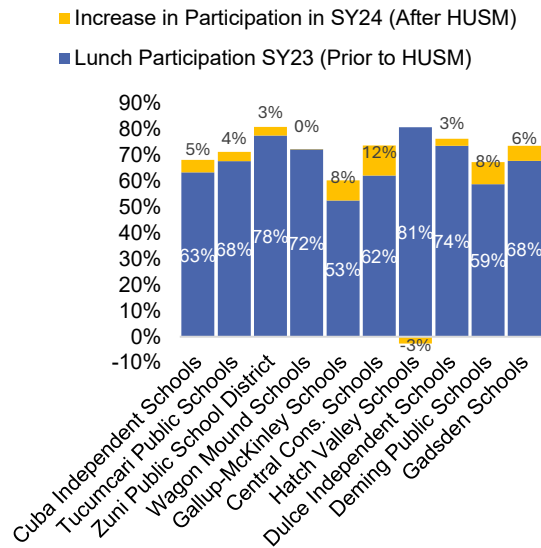
Source: LFC analysis of PED and OBMS data.

Chart 10. Participation in School Lunches Increased in All the Largest School Districts Following Healthy Universal School Meals



Source: LFC analysis of PED data

Chart 11. Participation in School Lunches Increased in Most of the School Districts with the Highest Identified Student Percentage Following Healthy Universal School Meals

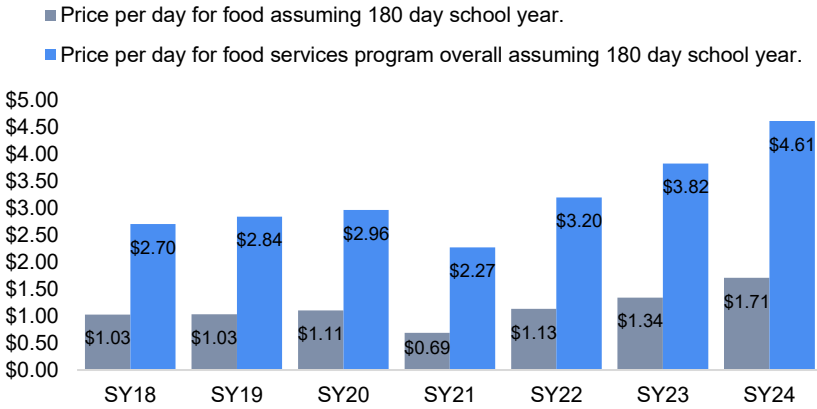


Source: LFC analysis of PED data

Since the passage of the Healthy Universal School Meals Act, spending on food and related services has risen sharply, with the average expenditure on food per student increasing by 71 percent from SY18 to SY24. Total expenditures on the food services program rose from \$165 million in SY18 to \$248 million in SY24—an increase from \$486 to \$830 per student, or from \$2.70 to \$4.61 per day based on a 180-day school year. Spending on food increased from \$63 million to \$92 million over the same period, translating to a rise from \$185 to \$307 per student, or from \$1.03 to \$1.71 per day. This growth in school meal costs has significantly outpaced general inflation. According to USDA estimates, average annual food inflation was 3.76 percent during this period, which would have increased a \$1.03 daily food cost in 2018 to just \$1.27 by 2024, far less than the actual increase to \$1.71 per day.

According to USDA estimates, average annual food inflation was 3.76 percent from 2018 to 2024, which would have increased a \$1.03 daily food cost in 2018 to just \$1.27 by 2024, far less than the actual increase to \$1.71 per day
Source: USDA

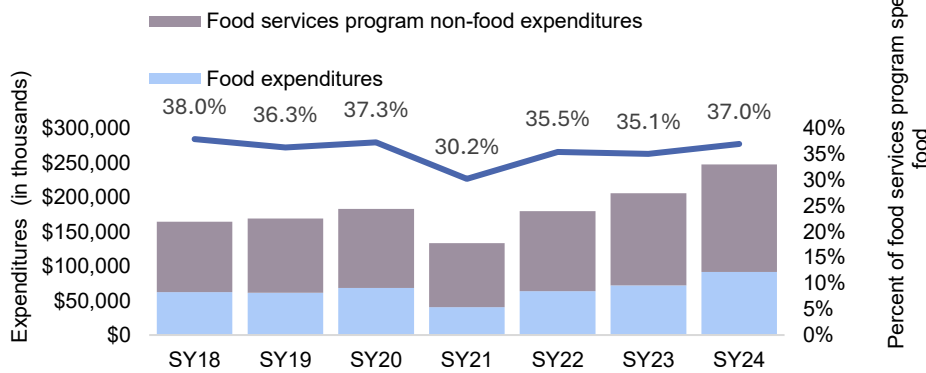
Chart 12. New Mexico Continues to Invest More in Meals and Food Services Programming



Source: LFC analysis of OBMS actual expenditures data

Despite overall increases in spending on school meals, the share of spending on the food itself has not grown since the passage of the Healthy Universal School Meals Act. Food expenditure rose from \$63 million in SY18 to \$92 million in SY24, but total program expenditures grew from \$165 million to \$248 million over the same period. As a result, the proportion of spending on food remained essentially flat—dropping slightly from 38 percent in SY18 to 37 percent in SY24.

Chart 13. Percent of Food Service Program Expenditures on Food Has Been Consistent from SY18-SY24 (in thousands)



Source: LFC analysis of OBMS actual expenditures data

School Food Authorities Budgeted More for Program Services Than They Received in Revenue or Expended

Both federal and state funding for food service operation programs have increased since the passage of HUSM. School food authorities (SFAs) did not spend more on food service operations than they received in revenue, indicating they were not operating at a deficit. However, many SFAs received less revenue than they had budgeted, creating the appearance that they were under-collecting potential federal funds. PED attributes this to a variety of factors. Accurate budget and revenue projections will be especially important during periods of uncertainty in federal funding.

Potential federal funding cuts are likely to affect the status of students directly certified through SNAP or Medicaid beginning January 1, 2027, which may lower the identified student percentage (ISP) for some SFAs. Analysis indicates about 2.9 percent of students (approximately 8,783 statewide) may lose direct certification, which could result in an estimated 20 schools losing CEP eligibility and 60 additional schools no longer qualifying for full federal reimbursement of meals. To mitigate the impact of these changes, PED is certifying ISP rates for all schools, which will be maintained for a four-year period starting in SY30.

New Mexico schools are spending more federal and state funds since the passage of HUSM. Between FY18 and FY23, state funding consistently accounted for less than 5 percent of total program costs, with federal reimbursements covering more than 95 percent. In FY24, the first year of full HUSM implementation, state funding rose to \$26.5 million (10.7 percent of total costs), but federal reimbursements also increased—reaching over \$221 million (89.2 percent of total costs), an increase of 38 percent since SY18. Nearly all public schools in the state now participate in the community eligibility provision (CEP), a key mechanism for maximizing federal reimbursements by allowing schools to serve meals free of charge to all students without collecting household applications.

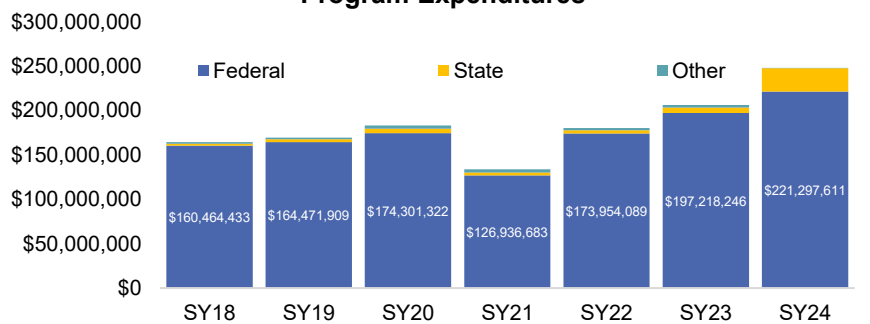
SFAs Receiving Less Revenue Than Budgeted

According to PED, several factors contribute to differences between budgeted and actual school food service revenue:

- USDA releases the new federal meal reimbursement rates in July, after most SFAs have already completed their budgets, which can lead to over- or underestimates;
- HUSM may change the numbers of reimbursed meals in unknown ways; and
- Many districts create a “flat budget” using the total of claims from the prior year, adding fees from other nutrition program activities (catering, a la carte sales, etc.), and their existing cash balance, which can make the actual year’s federal reimbursement appear lower in comparison.

Source: PED

Chart 14. Even After Increased State Investment, Federal Funds Are the Majority of Food Service Program Expenditures



Source: LFC analysis of OBMS data

In the 2023-2024 school year, SFAs consistently budgeted more federal funds than they received for food service operations and also expended SEG funds on food program costs. SFAs budgeted \$273 million from the USDA food services category and \$280 million across all budget categories but received only \$218 million from USDA food services and \$247 million across all categories. Under-collection of anticipated federal revenue could reflect the fact that fewer meals were reimbursed than projected or school food authorities intentionally over-project to earmark funds in case more students participate than anticipated. Over-anticipating budgets was a practice found in a 2022 LFC evaluation of Albuquerque Public Schools. SFAs also used \$6.3 million in SEG funds statewide, which were not originally budgeted for food service operations. The use of SEG funds for food services was widespread, spanning 51 districts, 20 local district charters—primarily in Albuquerque, Carlsbad, and Taos—and 29 state charter schools. Spending school SEG funds on food service operations means that funding is diverted from classroom instruction and other intended purposes. PED should develop guidance regarding the use of SEG funds for food service operations and incorporate into future training and technical assistance.

APS consistently overestimates its spending in the general supplies and materials category of their budget and yet claims deficits. From FY17 to FY21, the district has overestimated spending on general supplies and materials by an average of \$30 million. This contributes to budgeted spending exceeding budgeted revenues and the appearance of a deficit each year. This apparent deficit is based on several factors, primarily stemming from overestimated spending rather than a revenue shortfall.

PED rules also likely contribute to this practice by allowing budgeted spending to exceed budgeted revenues as long as districts have available cash to cover the difference. But districts do not realistically exhaust all of their cash. While this PED rule may provide budget flexibility for districts, it does not provide a clear sense of district planned spending.

Source: 2022 LFC evaluation report of Albuquerque Public Schools.

Table 6. State Total Budget, Revenue and Expenditures by Funding Sources for Food Services Program in 2023-2024 School Year

Budgeted											
USDA NSLP/SBP	Universal Free Lunch (State funded)	Fresh Fruit and Vegetables	NM Grown FVV	CYFD - Child and Adult Care Food Program	Child & Adult Food Program	USDA 2010 Equipment Assistance Program	Public School Kitchen Infrastructure FY24 and FY25	SEG	Impact Aid Operational	ARP ESSER III	Grand Total
\$272,953,399	NA	\$2,765,421	\$1,856,632	\$226,164	\$1,149,440	\$684,768	NA	NA	NA	NA	\$279,635,824
Actual Revenues Received											
USDA NSLP/SBP	Universal Free Lunch (State funded)	Fresh Fruit and Vegetables	NM Grown FVV	CYFD - Child and Adult Care Food Program	Child & Adult Food Program	USDA 2010 Equipment Assistance Program	Public School Kitchen Infrastructure FY24 and FY25	SEG	Impact Aid Operational	ARP ESSER III	Grand Total
\$218,070,209	\$23,085,564	\$2,580,416	\$1,821,405	\$231,776	\$897,376	\$522,103	\$37,480	NA	NA	NA	\$247,246,328
Actual Expenditures											
USDA NSLP/SBP	Universal Free Lunch (State funded)	Fresh Fruit and Vegetables	NM Grown FVV	CYFD - Child and Adult Care Food Program	Child & Adult Food Program	USDA 2010 Equipment Assistance Program	Public School Kitchen Infrastructure FY24 and FY25	SEG	Impact Aid Operational	ARP ESSER III	Grand Total
\$215,053,247	\$16,907,737	\$2,753,606	\$1,779,725	\$210,273	\$759,929	\$498,983	\$1,127,761	\$6,330,680	\$367,088	\$1,605,053	\$247,394,082

Source: LFC analysis of OBMS data.

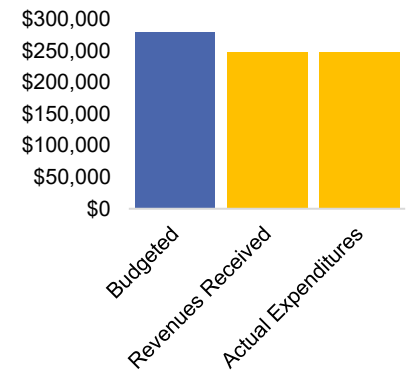
School Food Authorities Continue to Utilize SEG Funds for Food Service Programs Despite Increased Investment of State and Federal Funds

HUSM covers the costs of many meals for students who do not qualify for free or reduced meals. In the 2024-2025 school year, the state covered the cost of 1.7 million breakfasts and 2.2 million lunches. SFAs are still required to operate their food services program within the federal reimbursement rate. However, many are exceeding the budgeted program expenditure and utilizing SEG funds to pay for program costs.

New Mexico’s school funding formula, known as the state equalization guarantee (SEG) distribution, is based on student enrollment and characteristics, program participation, and school site differences. The formula distributes operational funds to school districts and charter schools noncategorically, to provide for local budgeting decisions. However, findings in the *Martinez-Yazzie v. State of New Mexico* education sufficiency lawsuit indicated the primary purpose of SEG funds is to support classroom spending, as the court ruled that funding was deficient as evidenced by the use of SEG to supplement other operational needs, such as additional local costs for transportation and PED initiatives.

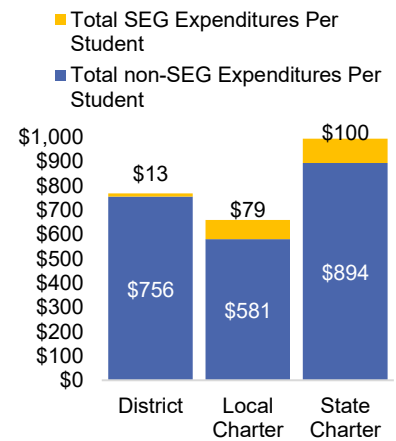
In the 2023-2024 school year, 2.6 percent of total food service program expenditures came from SEG funds. Since the 2017-2018 school year, the food services fund has covered most school food service program expenditures, accounting for between 91 and 96 percent of total costs. However, SFAs have increasingly relied on SEG funds, with those expenditures rising from \$2.2 million (1.4 percent) in 2017-2018 to \$6.3 million (2.6 percent) in 2023-2024 (SY24). Additional sources, such as the Fresh Fruit and Vegetable Program and Breakfast for Elementary Students funds, have made up the remaining 2.7 to 7 percent of expenditures over the same period.

Chart 15. Statewide Total Budget, Revenue, and Expenditures for Food Service Programs in SY24 (in thousands)



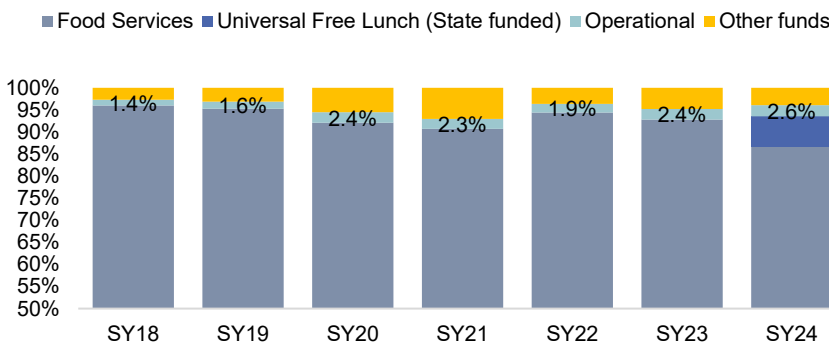
Source: LFC analysis of OBMS data

Chart 16. Total Expenditures on Food Service Operations by Student Enrollment



Source: LFC analysis of OBMS data

Chart 17. School Food Authorities Expend 1.4 Percent to 2.6 Percent of Operational as a Total Proportion of Food Operation Services



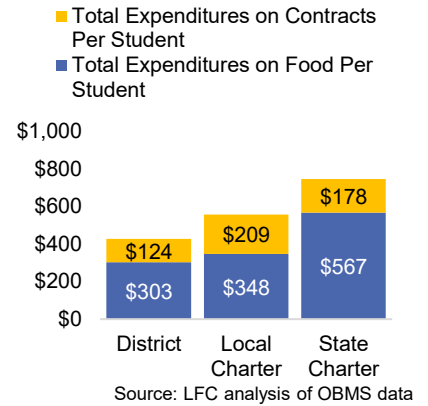
Note: Food Services funds are federal funds.
Source: LFC analysis of OBMS actual expenditures data

Charter schools spend more per student and are more likely to spend SEG funds on food service operations compared to school districts.

One reason that charter schools are spending more of their SEG funds compared to school districts is that they both report spending more on food and contracted services compared to districts. Charter schools, which may lack the infrastructure to conduct in-house scratch cooking, often contract with food service management companies to provide food services. State charters tend to spend more SEG funds per student (\$995) compared to school districts (\$769), while local district charters spent the least per student (\$660) in SY24. However, local (\$79) and state charters (\$100) tend to spend more SEG funds to supplement food service program expenses per student compared to school districts (\$13) in SY24.

School food authorities may need to or choose to spend SEG funds on food service program expenses. In SY24, school districts spent a combined \$4.1 million in SEG funds, local district charters spent a combined \$730 thousand, and state charters spent \$1.5 million. Districts that utilize more SEG funds for food services tend to be small districts, indicating challenges with economies of scale, utilizing SEG funds while awaiting reimbursement from PED, or miscoding funds. The use of food service management companies to provide food services was unlikely to be a factor, since many SFA’s that had in-house kitchens also utilized SEG funds, including \$4.1 million in 2023-2024 school year.

Chart 18. Total Expenditures on Food and Contracts Per Student

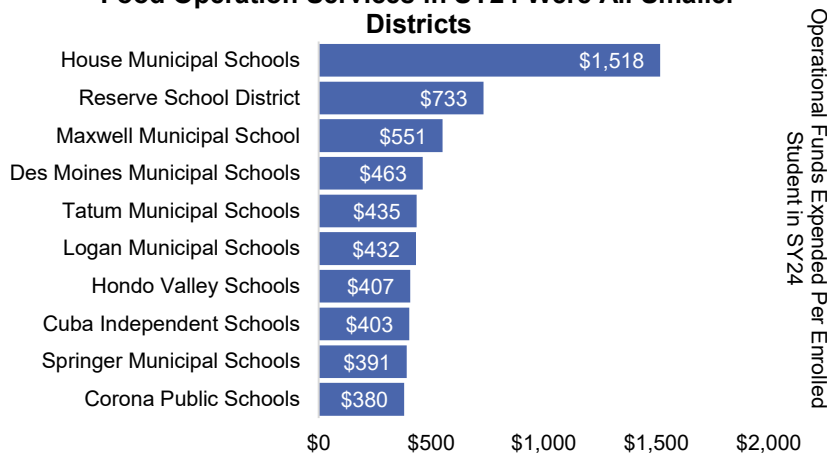


Examples of SEG Use by SFAs for Food Service Operations

- Jal Public School: Salaries and benefits
- Des Moines: Salaries and benefits
- Bernalillo Public Schools: Equipment; support for festivals.
- Gadsden Independent School District: Produce

Source: PED

Chart 19. Ten School Districts That Expended the Most Operational Funds per Enrolled Student on Food Operation Services in SY24 Were All Smaller Districts



Recommendations

The Public Education Department should:

- Provide school food authorities guidance and monitor the use of SEG funds for the use of food service operations, with special attention to smaller school food authorities and charter schools, to

ensure state funds are supplementing – not supplanting – federal funds;

- Review finances of school food authorities that received less in federal funds than were budgeted to determine whether this was due to an under-projection for participation or other reasons; and
- Monitor school food authorities' expenditures annually and provide technical assistance to districts that exceed costs of food service operations based on the federal reimbursement rate for participating students.

New Mexico’s Universal School Meals Program is Still Working to Overcome Early Challenges in Achieving and Measuring Meal Quality

The federal government has made various attempts over the decades to improve the quality of school meals, most recently through the 2010 Healthy, Hunger-Free Kids Act, which updated nutrition standards and tightened accountability. New Mexico’s 2023 universal school meals law took a more expansive approach, directing PED to develop rules defining quality in relation to criteria like purchasing New Mexico-grown food, cooking from scratch, offering culturally relevant options, and engaging students and families in menu design. The law also tethered reimbursement to those quality measures, specifying that only school food authorities meeting quality improvement standards would be eligible for full reimbursement. After a drafting and feedback process, PED finalized the rules and guidance on quality improvement for school food authorities in September 2024. While the rules reflect the quality principles laid out in the statute, the metrics for compliance are vague, and do not account for tracking a school’s progress on quality year-over-year, or for evaluating how the various quality measures contribute to program outcomes, like student meal participation and satisfaction.

PED’s quality standards mark a shift toward healthier, more locally sourced meals, though outcome tracking remains underdeveloped.

HUSM mandates that all public schools and charter schools in New Mexico offer free breakfast and lunch to all students, eliminating income-based eligibility requirements. The law sets ambitious quality standards, including a requirement that at least 50 percent of weekly meal components—excluding milk—be prepared from scratch using whole, unprocessed ingredients. Schools are incentivized to purchase locally grown or produced foods through the New Mexico Grown program. PED’s administrative rule ties higher state reimbursement rates to meeting these quality benchmarks and includes requirements for food waste reduction and minimum seated lunch times for elementary students.

Figure 6. Meal Quality Measures

Federal	New Mexico
Nutritional content of school meals, including requirements for whole grains, vegetables, fruits and protein	Freshly-prepared, meaning cooked from scratch or using speed-scratch techniques
Grown or produced in the United States	Locally-sourced
Food safety	Food waste minimized
	Student and family voices considered

* Note: Measures highlighted in blue have a robust, research-backed evidence base

Source: USDA, PED

Despite statutory and regulatory efforts to define and enforce school meal quality, the Public Education Department (PED) has not developed a clear plan for tracking whether these improvements achieve desired outcomes. HUSM expands the concept of meal quality beyond federal nutrition standards to include practices such as scratch cooking, local sourcing, and food waste reduction. These new standards are grounded in plausible logic models. For example, survey research from 330 California school districts found that each additional day of scratch cooking was associated with 14 percent fewer complaints about poor taste, as well as reductions in complaints about freshness and healthfulness. Similarly, farm-to-school initiatives have shown positive correlations with students' food knowledge and choices, although a 2019 systematic review found most studies too small or short to support causal conclusions. New Mexico has an opportunity to strengthen this national evidence base, but doing so requires a more robust system for measuring not just program outputs, but also *outcomes* such as participation, satisfaction, and health over time.

New Mexico's universal school meals program now broadens the state's definition of quality, but a formal evaluation plan is needed to ensure impact. Federal policy has focused primarily on nutritional content because the Healthy, Hunger-Free Kids Act of 2010 mandated stricter limits on salt, sugar, and fat, while increasing requirements for fruits, vegetables, and whole grains. The 2023 HUSM law encourages schools to consider factors such as whether food is locally sourced or freshly prepared, and whether students and families are engaged in decision-making. These broader measures reflect the understanding that school meals—often comprising 30 to 50 percent of daily calories for low-income children—can influence both short-term health and lifelong eating habits. However, the evidence supporting these quality practices remains limited, and the absence of a time-bound evaluation plan limits the state's ability to determine whether these practices are improving participation or outcomes.

PED's final rule scaled back its initial proposal for performance measures after receiving substantial criticism from school food authorities. The draft rule released in April 2024 included requirements beyond those in statute, such as mandatory minimum purchases of New Mexico-grown items and the creation of school gardens. Public feedback highlighted concerns about vague definitions, local procurement feasibility, and food safety. In response, the final rule published in September 2024 narrowed its focus to two required measures: schools must demonstrate that at least 50 percent of their weekly meal components are freshly prepared, and that they are taking steps to reduce food waste. Local sourcing is encouraged but optional, and counts as evidence of quality improvement for those who participate.

Although PED has established compliance mechanisms, it has not articulated how it will evaluate changes over time or assess the overall effectiveness of these measures. Beginning July 1, 2025, schools must annually submit documentation—menus, recipes, invoices, policies, and stakeholder feedback—to verify compliance. However, PED

School Meal Policy Timeline

- 1946 – *National School Lunch Program (NSLP) created*: Reimbursed schools to serve nutritious lunches.
- 1966 – *School Breakfast Program (SBP) launched*: Ensured breakfast access for low-income students.
- 2010 – *Healthy, Hunger-Free Kids Act passed*: Strengthened nutrition standards, introduced CEP.
- 2014 – *CEP expanded*: High-poverty schools could serve free meals to all.
- 2020–2022 – *Pandemic waivers*: Made all meals free, eased paperwork.
- 2023 – *NM enacts Healthy Universal School Meals (HUSM)*: Free meals for all; adds scratch cooking, local sourcing, and food waste rules.

Sources: USDA; New Mexico SB4 (2023)

has not defined how it will track changes in school performance year over year or assess the impact of these efforts on meal participation, satisfaction, or student outcomes.

The HUSM Act includes several measurable components that could support a robust performance monitoring system. These components include student meal participation rates, CEP implementation, food waste reduction, scratch cooking adoption, and use of New Mexico-grown foods (Table 6). While these indicators are actionable, PED has not developed a strategy to systematically track or report on them, either internally or to the Legislature.

PED will begin requiring participating schools to gather and act on student and family feedback in 2025, marking an initial step toward integrating user experience into evaluating meal quality. The department expects schools to conduct taste tests and host family engagement events and has indicated that a statewide satisfaction survey is in development. PED regulations state that complaints submitted through an internal form may influence a school’s eligibility for full reimbursement. Starting in 2025, all schools must submit documentation showing that student and family input informed menu development and recipe improvements.

Preliminary local data reinforces the value of such feedback systems. For example, a January 2025 Albuquerque Public Schools (APS) survey with over 1,400 student responses included an open-ended question asking respondents to describe school meals in one word. While many responses were negative—e.g., “cold” (41 mentions), “bland” (24), and “dry” (22)—others, such as “delicious” (32) and “fresh” (10), point to quality variation across schools. Although the APS survey did not comprehensively measure satisfaction with food quality and focused mostly on cafeteria operations, it illustrates the importance of systematically capturing student perceptions. Going forward, PED’s success in improving meal quality will depend on how well it uses such feedback to inform program oversight and continuous improvement.

PED’s freshly prepared food standards are outpacing schools’ capacity to implement them.

Freshly prepared meals remain a requirement in PED’s final rulemaking, despite concerns from school food authorities over the vagueness of the term, and staffing and infrastructure are constraints. The initial HUSM rule published in July 2024 required SFAs to ensure that 75 percent of all federally required weekly meal components—excluding milk—be prepared from scratch, using only whole, unprocessed ingredients. This standard was accompanied by stringent verification procedures for local sourcing and product processing levels, raising implementation concerns among school districts. In response to stakeholder feedback, PED issued a final rule in September 2024 that reduced the scratch cooking

Table 7. Measurable Elements in the Healthy Universal School Meals Act

Program Implementation	School participation rates
	Student meal participation rates
	Percentage of schools qualifying for and implementing Community Eligibility Provision
	Rates of monthly direct certification
Meal Quality and Sourcing	Compliance with meal quality improvement standards
	Use of New Mexico-grown and -processed foods
	Implementation of scratch cooking requirements
Program Operations	Compliance with K-5 seated lunch time requirement (20 minutes)
	Implementation of food waste reduction strategies
	Federal reimbursement maximization

Source: New Mexico HB4, 2023

threshold to 50 percent and introduced “speed scratch” methods—e.g., frozen dough and precooked meats combined with fresh ingredients. PED’s Summer 2025 guidance allows schools to combine data across different serving lines and grade levels—such as a hot lunch line, salad bar, or grab-and-go station—when calculating whether they meet the 50 percent freshly prepared requirement. It also defines “freshly prepared” as food cooked on-site or at a district kitchen using fresh, frozen, dried, or canned ingredients.

APS Differs from Other Districts Under HUSM

As New Mexico’s largest district, serving more than 70 thousand students across more than 140 schools, Albuquerque Public Schools presents unique challenges and opportunities for HUSM implementation.

Centralized Meal Production and Distribution

- APS operates a federally compliant 10,000 square foot central kitchen that prepares and delivers meals districtwide, ensuring compliance with federal nutrition standards. However, this centralized model limits scratch cooking at individual schools, as a single error in a large kitchen could affect many students.

Charter SFA Fragmentation

- Most district-chartered schools were required to become independent SFAs due to staffing shortages and monitoring limitations at school sites.

No Raw Protein Use in 20+ Years

- APS has not purchased or prepared raw meat in over two decades, citing food safety risks. This directly limits its ability to meet HUSM scratch cooking expectations.

Local Procurement Constraints

- APS is the largest participant in NM Grown, yet small farms struggle to meet APS’s volume and delivery schedules.
- Traceability and lot tracking—required by APS—are difficult for small producers to provide.

Sources: APS, LFC interviews with APS Food Services, PED



Source: LFC Site Visit

Staffing, infrastructure, and vendor-related issues may be preventing SFAs from meeting PED’s 50 percent scratch cooking guideline that will go into effect in school year 2025-2026.

Despite the program’s emphasis on freshly prepared meals, meeting the state’s scratch cooking targets remains a significant hurdle for many school food authorities.

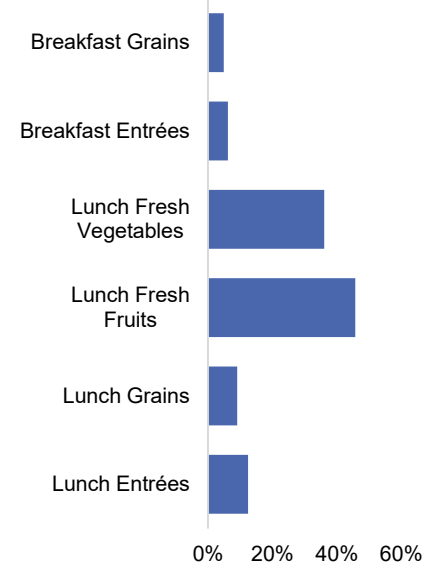
PED only began formally tracking compliance with the scratch preparation standard in the 2025–2026 school year. Scratch cooking standards apply separately to each meal component—meat or meat alternates, grains, vegetables, and fruits—and requires that at least half of the servings for each component in a given week be freshly prepared. For example, an SFA serving scratch-cooked meat three to four times per week would be considered compliant for that component. In the absence of prior tracking, the only available statewide information comes from an informal survey conducted in summer 2025, where 50.7 percent (73 of 144 respondents) reported serving scratch-cooked lunch entrées three to four times per week, but only 12.5 percent (18) reported doing so daily. Scratch-cooked grains were far less common, with just 9.1 percent (13 of 143) serving them daily at lunch. Fresh produce performed somewhat better: 45.8 percent (66 of 144) reported daily fresh fruit service, while 36.1 percent (52) reported daily fresh vegetables. For breakfast, compliance appeared lower still—only 6.25 percent (9 of 144) reported serving scratch-cooked entrées daily, and 4.9 percent (7 of 142) did so for grains.

Staff shortages and infrastructure limitations remain major barriers to full compliance with the standards in the Healthy Universal School Meals Act. In PED’s informal 2025 statewide survey, more than half of SFAs reported insufficient kitchen infrastructure or equipment (53 percent) and staffing shortages (60 percent) as key challenges in meeting the program’s scratch cooking, food quality, and food waste reduction requirements. Although 50 percent of respondents reported actively upgrading their kitchen facilities and equipment, and 77 percent reported increasing scratch cooking efforts, many noted that existing school kitchen designs—especially in older buildings—were not built to support fresh, on-site meal preparation at current volumes.

While state funds are available to support equipment purchases, the transition to scratch cooking often requires complete kitchen overhauls and adequate staffing to operate them. Since 2023, more than \$24 million in combined state and federal funds—including \$20 million in capital outlay—have been allocated to kitchen infrastructure improvements. However, actual spending has lagged: Of the \$20 million in capital outlay funding, only 6 percent (\$1.23 million) had been spent by the end of the program’s first year, and just 14.6 percent had been expended by April 2025, with only 10 of 87 infrastructure projects completed. When considering all funding sources—including federal grants such as ARP ESSER and USDA kitchen equipment allocations—approximately 29 percent of total allocated funds had been spent by April 2025.

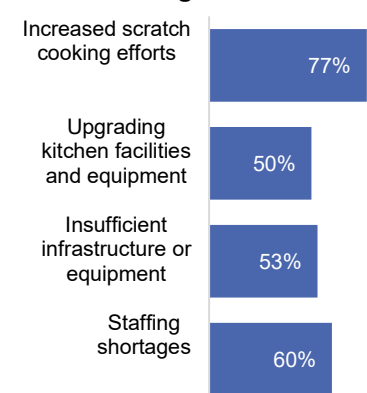
Although HUSM does not legally mandate on-site meal preparation, its requirements for freshly prepared and minimally processed foods have, in practice, necessitated greater in-house meal production capacity across most school districts. Staff training needs have grown in response: 57 percent of districts reported expanding training for scratch cooking techniques, underscoring the operational demands imposed by the new standards. In districts that rely on third-party vendors or part-time food

Chart 20. Self-reported Percentage of SFAs Meeting Scratch-Cooked Guideline 5x/Week



Source: PED

Chart 21. Selected Implementation Challenges and Efforts



Source: PED Survey of SFAs, Summer 2025

service workers, LFC interviews found that staffing shortages make it particularly challenging to comply not only with fresh food preparation standards but also with local sourcing and food waste reduction mandates.

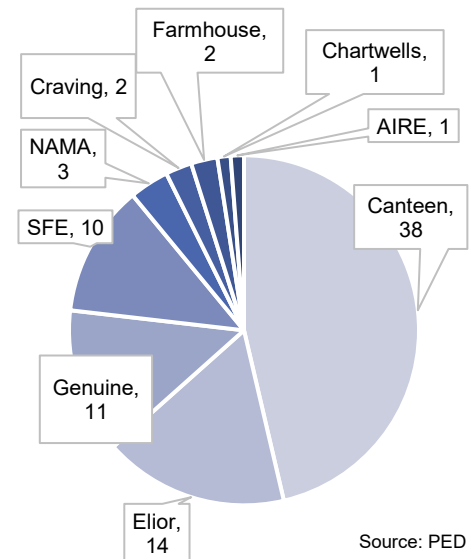
Outdated or undersized kitchen infrastructure remains a significant barrier to expanding scratch cooking, especially in rural and small districts. Many schools—particularly those in older buildings—lack kitchens that meet even minimum standards for large-scale fresh food preparation. Districts relying on centralized kitchens and transport systems struggle to deliver freshly cooked meals to each site, and facility limitations further restrict their ability to expand. While some SFAs have made progress using alternative funds—such as \$1.6 million in ARPA ESSER III allocations or USDA kitchen equipment grants—overall implementation has proceeded slowly. School District interviews and LFC analysis suggest that the primary reasons for these delays include lengthy planning and procurement timelines, limited administrative capacity in smaller districts, and supply chain or contractor availability issues. However, PED officials indicate that they have not identified a single predominant cause for the delays, highlighting the complexity of the implementation challenges.

In PED’s informal survey, more than 75 percent of SFAs cited staffing shortages as a barrier to implementing scratch cooking and are requesting additional culinary training. Staffing shortages and training needs continue to hinder schools’ ability to meet scratch cooking requirements under HUSM. Among the 158 SFAs surveyed, more than half (89) identified staffing shortages as a primary barrier, while 122 requested additional culinary training for food service workers. Many districts rely on part-time or low-wage kitchen positions, limiting recruitment and retention. Even where equipment has been upgraded, some schools report being unable to fully utilize it due to insufficient staffing or lack of specialized culinary skills. Districts noted that scratch cooking standards require new competencies—such as knife skills, batch cooking, and food safety—that existing staff often lack. Schools using third-party food service management companies expressed concern about vendors’ ability to scale up trained staffing in line with program demands. In response, PED officials say they released a request for proposals on July 25, 2025 for private vendors to expand scratch cooking training and technical assistance.

Vendor contracts and market structure shape school meal implementation in New Mexico. For 2024–2025, 87 of the state’s 210 school food authorities (SFAs) contract with food service management companies (FSMCs), with just a few vendors—mainly Canteen of Central New Mexico—dominating the market. Charter schools (68 percent) are twice as likely as traditional districts to use FSMCs (33 percent), and although they make up only a third of SFAs, they account for half of all FSMC contracts due to their smaller size and limited capacity.

This vendor concentration brings efficiencies but also risks, such as less competition, limited menu flexibility, and heightened vulnerability if a major FSMC has issues. HUSM priorities like scratch cooking and local sourcing

Chart 22: Number of School Meals Contracts per Food Services Management Company in New Mexico, SY2024-25



Source: PED

further challenge whether large FSMCs will adapt. Procurement is constrained by few vendor options; recently, only one vendor responded to a solicitation for multiple small districts.

SFAs use either cost reimbursable or fixed price contracts with FSMCs. Cost reimbursable contracts (just over half) allow flexibility but need more oversight, while fixed price contracts are preferred by smaller SFAs for their predictability, though they may prompt cost-cutting if expenses rise. Both models involve tradeoffs between financial stability and food quality, particularly for small districts and charters. PED officials report as of August 12, 2025 they have created new registration forms requiring information on HUSM compliance from FSMCs.

Spending on locally-sourced food has increased, but further growth may be constrained by program design.

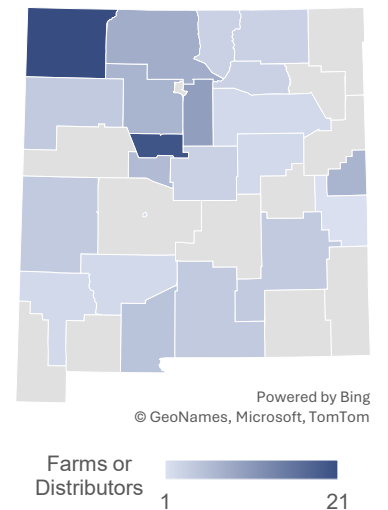
One indicator of meal quality highlighted in the 2023 law is the purchase of “New Mexico-produced food.” Proponents argue that sourcing locally can deliver fresher, potentially more nutritious meals, deepen food literacy, and keep dollars circulating in-state. As a result of an incentive grant created by the law, school food authorities spent \$1.8 million directly on New Mexico-grown or –processed items in FY24, amounting to roughly 2 percent of total food purchases. Including sources beyond the grant, the USDA in 2023 estimated 4 percent of New Mexico SFA food spending went to local foods, relative to a national average of 8 percent.

Several structural and operational limitations of the new grant program will likely constrain further growth:

- Grant amounts are tied to prior-year free-lunch counts, which are expected to shrink as student enrollment declines.
- The median FY25 award was just \$8,000, likely too small to justify the administrative burden of a separate procurement process for many schools.
- At least 75 percent of funds must be spent on unprocessed or minimally processed items from the New Mexico Grown approved foods list, which excludes staples like milk, cheese, eggs, and chicken.
- Grant awards are announced in July, after most farmers have already planted and schools have set menus for the upcoming year.

Without adjustments to eligibility, product scope, and the grant calendar, local food purchases through this program are unlikely to rise beyond current levels—though schools may still purchase local products through other funding sources.

Figure 7. New Mexico Grown Suppliers by County, July 2025



Source: NM Grown

Local food enters schools through various procurement channels, but principally directly from growers and producers through the New Mexico Grown program. The bulk of food entering schools comes from “broadline” distributors like Sysco and Labatt and from the USDA Foods entitlement program. Items in those programs are not always easily traceable to their state of origin. HUSM set aside a dedicated grant for SFAs to source food directly from in-state growers and producers. Schools are eligible for the greater of \$1,000 or 10 cents for every federally reimbursable free lunch served in the previous year, subject to available appropriations. According to the terms of the grant agreements issued by PED, purchases must be made from producers and food hubs approved by New Mexico Grown, the quasi-governmental partnership that certifies suppliers for food safety and traceability. In the 2023 USDA Farm-to-School census, most SFAs sourcing local foods reported purchasing them directly from producers, cooperatives, or food hubs, while smaller numbers reported doing so through USDA Foods or broadline suppliers, suggesting the New Mexico Grown program is driving local food procurement in schools.

An unknown amount of local food is also entering cafeterias from purchasing outside the NM Grown program. PED cites anecdotal evidence of direct purchasing from local producers by SFAs, though such purchases are not currently tracked by whether they are locally sourced.

Although the number and percentage of schools in New Mexico serving local food has increased, New Mexico has the lowest farm-to-school participation rate of any state in the nation. According to the 2023 USDA Farm-to-School census, 132 or 57 percent of school food authorities in New Mexico engaged in activities USDA considers farm-to-school in the 2022-2023 school year, including sourcing and serving local food, as well as farmer visits and building school gardens. While that represents an increase in both the absolute number and percentage of schools since the last census in 2019, it is the lowest participation rate for SFAs of any state in the country. Twenty-five percent of SFAs in the state have never participated in a farm-to-school program and 10 percent did participate at one point but no longer do. The biggest implementation challenges cited by SFAs with current farm-to-school programs were related to availability of local foods (including appropriately processed and pre-cut foods), delivery, and a lack of staff time to process and prepare local foods. SFAs that no longer have a farm-to-school program cited high costs, and a lack of staff training, capacity, and interest.

While statute specifies that funding for the local foods program is subject to available appropriations, PED has distributed the grants despite shortfalls in the universal school meals program. According to the grant formula specified in statute, SFAs are eligible for local food grants amounting to the greater of \$1,000 or 10 cents multiplied by the number of free lunches served in the previous school year. SFAs in New Mexico served 24.9 million free lunches in FY25, almost the same number as in FY23 (24.7 million), capping the possible grant amount at roughly \$2.5

Table 8. New Mexico Schools Reporting Participation in Farm-to-School (F2S) Programs

Fiscal Year	Number of F2S SFAs	Number Serving Local Food
2014	40	not reported
2019	95	84
2023	132	113

*Note: Participation includes both schools serving local foods and those with educational programs (farmer visits, taste tests, etc.).

Source: 2023 USDA Farm-to-School Census

Table 9. Participation Rates in U.S. States’ Farm-to-School Programs

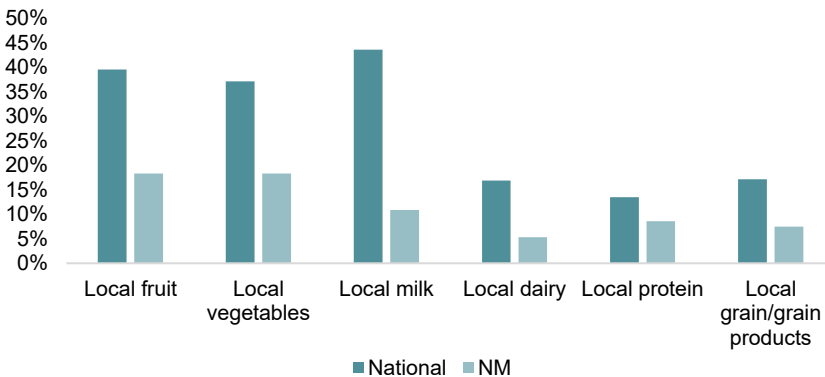
State	% of SFAs
VT	95.9
HI	91.3
WV	89.8
OR	89.5
National average	74.1
AZ	63.5
OK	60.9
SD	59.6
NM	57.1

Source: 2023 USDA Farm-to-School Census

million. However, the grants are “subject to available appropriations.” In recent years, PED has allocated funding to the program from various sources; in FY26, the department is sourcing the grant money from the overall universal school meals appropriation. PED does not consistently follow the statutory formula for determining the amount an SFA is eligible for, but instead sets aside a fixed amount of money, and divides it between interested schools. PED has aside \$2 million for FY26, with a grant award planning letter listing grant allocations ranging from \$419 thousand for Albuquerque Public Schools to \$1,839 for Maxwell Municipal Schools. Following the statutory formula and current FY25 free lunch counts, Albuquerque Public Schools would be eligible for slightly more (\$435 thousand) and Maxwell slightly less (the minimum \$1,000).

Schools purchased at least \$1.6 million worth of local food through the New Mexico Grown grant program in FY25, down from \$1.8 million in FY24. In FY25, 52 public and state-charter SFAs bought \$1.6 million worth of food through the New Mexico Grown grant program. That represents a 53 percent increase in the dollar value of local food purchases over FY23, but a slight decrease from FY24, when SFAs purchased \$1.8 million through the New Mexico Grown program, or roughly 2 percent of all food purchased that year. The decrease is attributable to less money being made available overall (\$1.7 million in FY25 versus \$2 million in FY24); on average, SFAs spent roughly 90 percent of their allocation both years. Forty-nine SFAs enrolled in both FY24 and FY25, while six SFAs participated only in FY24. Those six each spent less than \$2,000 in FY24, an amount that may not have justified the separate procurement process.

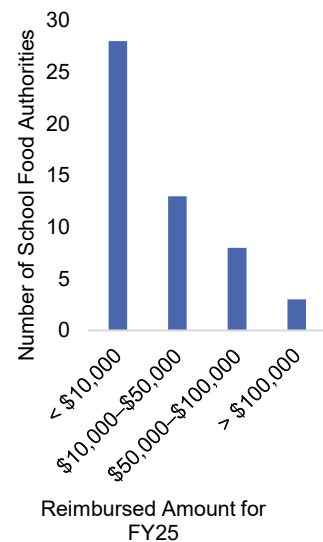
Chart 23. SFAs Serving Locally-Sourced Foods At Least Weekly



Source: 2023 USDA Farm-to-School Census

Beef is New Mexico’s top agricultural product and the most-purchased local food item. The majority of New Mexico’s nearly \$4 billion in agricultural sector output comes from just a handful of products, including beef, milk, chile, pecans, and onions. In the 2023 USDA farm-to-school census, SFAs reported beef and milk as their top two local

Chart 24. Dollar Amount of New Mexico Grown Grant Reimbursements, FY25

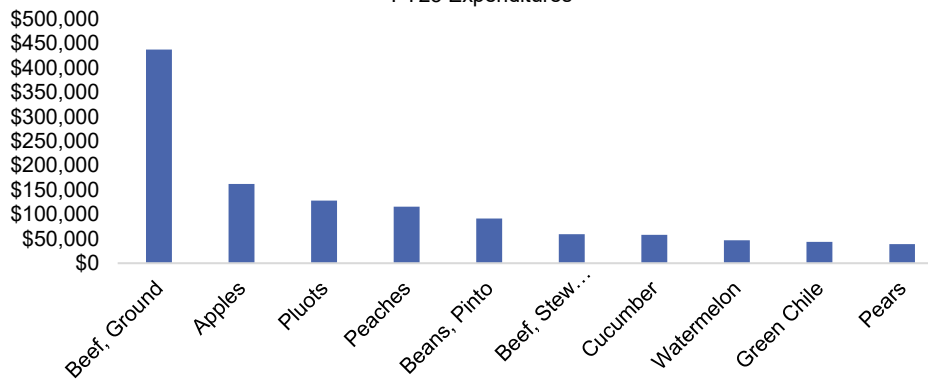


Source: OBMS

products by spending. However, only some of the money used for purchasing those products flows through the grant program established by the 2023 law. As noted, those grant funds must be used for items on the New Mexico Grown approved product list, from New Mexico Grown-approved suppliers. The current approved product list includes more than a hundred items, including produce, grains, beef and pork. Milk, cheese, chicken, and eggs are excluded, either because of concerns about ensuring products are wholly sourced from New Mexico, or because of processing limitations in the state that would require significant investments to address. PED reports the agency is now exploring ways to include milk and cheese.

For example, for milk and other dairy products, New Mexico Grown says it is not possible to guarantee that the milk used in processing has not been co-mingled with milk from other states. For chicken products, including eggs, New Mexico Grown cites several barriers, including that there is no USDA-approved chicken slaughter facility in New Mexico and that state statute likely prohibits the sale of many locally produced eggs to schools. In addition to those supply-side constraints, there are also demand-side limitations. The largest school district in New Mexico, Albuquerque Public Schools, does not purchase any raw meat—local or otherwise—because of food safety concerns, and fully cooked meat is not a New Mexico Grown-approved product. However, since beef became an approved product in 2023, many other school food authorities have embraced it. In FY25, SFAs spent \$437 thousand on ground beef alone, making it the top local food item by expenditure.

Chart 25. Top Local Foods Purchased Through New Mexico Grown
FY25 Expenditures



Source: New Mexico Grown Local Food

While most schools say they meet seated lunch time mandates, few report compliance with food waste reduction practices required under HUSM.

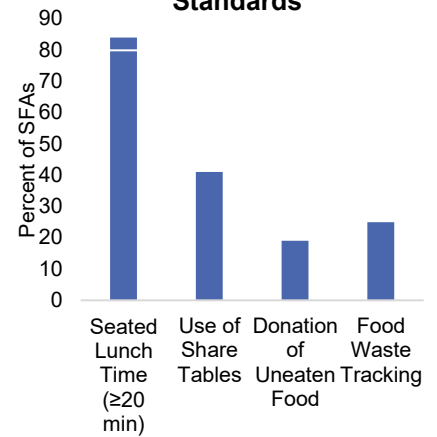
Reducing food waste remains a significant challenge in New Mexico’s school meal programs, despite widespread compliance with requirements for minimum seated lunch time. While 84 percent of school food authorities self-reported meeting the 20-minute seated lunch mandate for elementary students, far fewer SFAs have implemented food waste reduction practices required under HUSM. Only 41 percent of SFAs use share tables, and just 19 percent report donating uneaten food to students or community partners as required by PED guidelines. PED interprets this deficit as a positive, given that these food waste reduction strategies were not required until the current school year.

National research supports PED’s approach to food waste reduction. USDA’s School Nutrition and Meal Cost Study (2019) found that schools implementing offer versus serve (OVS), providing longer seated lunch periods, and customizing menus with student input experienced lower food waste. In line with these findings, PED’s HUSM rules mandate share tables, donation protocols, and sufficient seated time to maximize meal consumption and reduce landfill waste.

The offer versus serve model, which lets students decline certain meal components, is widely used in New Mexico to support both waste reduction and student choice, with mixed results. For example, in the National School Lunch Program, students must take at least three out of five components offered (including a fruit or vegetable). Charter schools report that the approach, when combined with menus reflecting student input and cultural relevance, effectively reduces waste. Still, according to LFC interviews with SFAs, implementation challenges remain, including confusion among staff and students about what items may be declined, leading to unintended waste. Ongoing training and clear communication are needed to ensure that food waste reduction strategies are effective statewide.

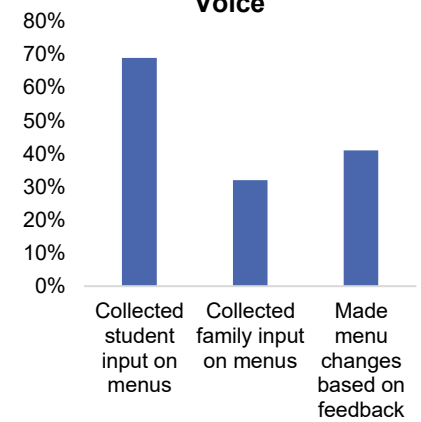
PED requires SFAs to incorporate student and family feedback into meal planning as a condition of HUSM certification, but guidance on implementation remains limited. Under the final rule, SFAs must demonstrate that they have solicited and considered input from students and families when developing or revising menus and recipes. The 2025 PED program guidance expands on this requirement by defining “student and family voice” as the intentional solicitation of feedback on school meals, and calls for documentation of this engagement through surveys, taste tests, suggestion systems, or similar mechanisms. These records must be submitted annually as part of the HUSM certification process. While the guidance underscores the importance of student-centered menu design and family engagement, it does not prescribe specific tools or methods, leaving SFAs to determine their own approaches.

Chart 26. SFAs' Self-reported Compliance with PED 2025 Food Waste Standards



Source: PED

Chart 27. SFAs Self-reported Engagement with Student and Family Voice



Source: PED

In PED’s spring 2025 statewide survey, 69 percent of SFAs (109 of 158) reported incorporating student input into menu planning, while only 32 percent (51 of 158) reported collecting family feedback. This suggests, while most SFAs are attempting to engage students, formal involvement of families remains limited. Moreover, only 41 percent of SFAs (65 of 158) reported making menu changes based on this feedback, indicating a disconnect between input collection and meaningful action.

Beginning in school year 2025–2026, PED rules [NMAC] will require all schools participating in HUSM to document how student and family feedback informed menu development and recipe improvements as part of their annual certification. Although the rule does not mandate formal surveys, it expects SFAs to show how feedback was gathered and applied. As enforcement mechanisms expand in the 2025-2026 school year, SFAs may need to implement more structured processes—such as regular surveys, focus groups, or documented taste tests—to meet compliance expectations related to stakeholder engagement.

Formal monitoring of HUSM quality standards will begin in 2025-2026, supported by a new digital compliance tracking system that will include a documentation portal and multi-tiered oversight mechanisms. Until this system is in place, tracking and verification of meal quality reforms—including scratch cooking, use of minimally processed and local foods, and food waste reduction—remains uneven statewide.

As an early adopter of universal school meals, New Mexico is well-positioned to help build the national evidence base by systematically collecting and evaluating data on food waste, local food sourcing, and the broader financial impacts of universal free meals. Currently, few rigorous studies from U.S. states report on these outcomes. A 2024 systematic review highlighted critical evidence gaps, particularly in areas that align with New Mexico’s statutory requirements for meal quality. By addressing these gaps through robust state-level data collection and ongoing evaluation, New Mexico can strengthen its own monitoring and accountability systems while informing best practices nationwide.

Recommendations

The Public Education Department should:

- Work with Department of Finance and Administration and the Legislative Finance Committee to develop a statewide performance monitoring system for HUSM that aligns with the Accountability in Government Act to track expenditures, food waste, local food sourcing, scratch cooking, participation rates, and other academic and health outcomes;
- Launch a standardized student satisfaction survey to inform meal quality improvement efforts, and support SFAs with tools like menu feedback forms, taste test protocols, and engagement templates;

Operational barriers to food waste reduction

- Inadequate storage, transportation, and staffing remain key obstacles to food donation, particularly in rural areas with limited nonprofit capacity.
- A complex landscape of federal, state, and local regulations creates compliance challenges for SFAs seeking to donate or repurpose excess food.
- Food waste documentation is limited: Only 25 percent of SFAs currently track waste, though PED plans to require digital waste tracking beginning in 2025–2026.

Sources: PED survey of SFAs; LFC Interviews

Key monitoring reports on school meals are outdated or inaccessible.

As of August 2025, administrative review summary reports required by the USDA were listed on PED’s website but were inaccessible, with the most recent functioning links pointing to school year 2018–19.

Moreover, those reports only covered 22 of the state’s 210 SFAs, raising concerns about the completeness and timeliness of quality monitoring.

Source: PED website

- Expand technical assistance and training supports, particularly in scratch cooking, food safety, and compliance; and
- Require contracts with food service management companies to include clearer expectations for quality standards including percent of food that is locally sourced and that is scratch cooked.

The Public School Capital Outlay Committee should:

- Ensure disbursement of kitchen infrastructure funds to school districts are completed by the end of the fiscal year.

Evidence Gaps in Universal School Meals Nationally

- Impact on household food insecurity before and after universal free school meals were adopted.
- Data on plate waste and food disposal patterns.
- Local food sourcing rates and economic impact on producers.
- Cost breakdowns for meals, labor, and infrastructure.
- Participation rates by grade, demographics, and meal type.
- Feedback on barriers from staff, administrators, and parents.
- Changes in attendance, discipline, and academic outcomes.
- Perceptions of meal quality and cultural relevance.
- Kitchen capacity and readiness for scratch cooking.
- Long-term health outcomes for participating students.
- Access and usage in rural and tribal schools.

Agency Response

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MARIANA D. PADILLA
SECRETARY OF PUBLIC EDUCATION

MICHELLE LUJAN GRISHAM
GOVERNOR

August 18, 2025

Sent Via Electronic Mail

Re: Response to LFC Key Recommendations – Healthy Universal School Meals Program

Dear Chair and members of the Legislative Finance Committee,

On behalf of the New Mexico Public Education Department (PED), thank you for the opportunity to respond to the Legislative Finance Committee's (LFC) evaluation of the Healthy Universal School Meals (HUSM) program. We are committed to ensuring every student in New Mexico has access to nutritious, high-quality meals that support academic achievement and overall well-being. We also recognize the importance of accountability, efficiency, and continuous improvement in program operations.

It is also important to note that this evaluation occurred at least one year earlier than anticipated, while the program was still in its implementation stage. As described in the HUSM rule, School Food Authorities (SFAs) had a time period to transition operations and gradually increase the freshly prepared cooking requirements. This current year marks the first formal review cycle of the program, and the evaluation should therefore be viewed as an early snapshot rather than a full measure of program maturity.

The HUSM program has demonstrated measurable benefits in addressing childhood hunger. A recent peer-reviewed study found that households in states with statewide universal school meal policies experienced a 12 percent lower prevalence of food insecurity compared to states without such policies, with the effect most pronounced among families near the eligibility threshold for free or reduced-price meals. This underscores the importance of maintaining and strengthening universal access as part of New Mexico's broader food security strategy.

Repeated throughout the report is the finding that first-year participation gains were greatest among students who would not have qualified for free or reduced-price meals based on federal

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poverty guidelines. Many households between 185 percent and 300 percent of the federal poverty levels such as a family of four earning between approximately \$59,000 and \$96,000—still experience affordability challenges, particularly given current housing and economic conditions.

With respect to the data regarding a dearth of schools meeting the 50 percent scratch cooking requirement, it is important to note that this figure is based on an informal survey not intended to serve as a compliance measure but to gauge the transition improvements in meal quality SFAs are making in order to meet the requirements in the certification year.

The rule for freshly prepared meals is that at least 50% of all meal components will be freshly prepared weekly. This rule applies to all reimbursable meal lines for both breakfast and lunch. Meal components include Meat/Meat Alternates, Grains, Fruits, and Vegetables.

Official certification, which will occur in Spring 2026, will be based on evaluating each meal components individually, rather than the number of freshly prepared meals served each week. In the PED's informal survey, seventy seven percent of respondents said they were increasing the frequency of freshly prepared meals to meet the requirements of Healthy Universal School Meals program.

While certification will include detailed menu analysis, schools serving freshly prepared meals 3-5 times per week are well positioned to meet the scratch cooking requirements. Preliminary survey results showed that 63 percent of respondents are meeting requirements for freshly prepared entrees, 83 percent offer fresh fruit, 46 percent meet the freshly prepared grain requirement, and 78 percent meet the freshly prepared requirement for the vegetable component. The report recommends strengthening program monitoring and accountability. PED agrees with this recommendation and notes that we have a defined plan for full operationalization in school year 2025–26, with Spring 2026 set as the certification date for all SFAs.

On the subject of local food procurement, many districts far exceed their NM Grown award levels in sourcing from local producers. For example, Roswell sources 100 percent of its beef locally, and Farmington commits 10 percent of its total food budget to NM Grown products. PED is working closely with New Mexico Department of Agriculture (NMDA) to create a process to track local food purchases outside of those reimbursed through NM Grown.

Additionally, the NM Grown Program is currently undergoing a comprehensive evaluation with UNM, which will shed light on the impacts of local procurement in K-12 schools. NMDA is also expanding producer outreach and supplier certification through the NM Grown Approved Supplier Program to further strengthen the connection between New Mexico agriculture and school nutrition programs.

Data from the 2023 USDA Farm to School Census that does not appear in the LFC report show that New Mexico leads the southwest region, and more than doubles the national average, in percentage of SFAs growing or serving culturally relevant foods. Additionally, New Mexico SFAs are unique in how they are purchasing their local products, with NM leading the southwest region in sourcing local foods from individual producers, producer co-ops and food hubs. The census also shows the benefits SFAs recognize from their local procurement efforts: 68 percent of SFAs reported increased consumption of fruits and vegetables, 63 percent reported access to

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better quality foods, and 52 percent reported increased positive perception of school meals among staff.

The report acknowledges early successes in expanding access and participation and below we address each of the responses to the key recommendations from the LFC. Clarifications, context, and updates on actions provided in the response, show that many of the recommendations made by the LFC are already underway to strengthen the successful HUSM program.

Recommendation: Provide school food authorities guidance and monitor use of the SEG funds for the use of food service operations with special attention to smaller school food authorities and charter schools, to ensure state funds are supplementing – not supplanting – federal funds

While the report highlights the importance of ensuring state funds supplement rather than supplant federal funds. Additionally, some SFAs have been using State Equalization Guarantee (SEG) funds to support their food operations prior to the implementation of HUSMs. Charter schools are primarily the SFAs that use SEG funds to support their food operations due to the higher cost in program operations when using a Food Service Management Company (FSMC). PED has consistently recognized that the program is underfunded and has requested supplemental appropriations each year.

PED agrees with the recommendation to provide SFAs with clear guidance and ongoing monitoring to ensure that SEG funds supplement, rather than supplant, federal food service funds. Considering this finding, the Department will enhance guidance and technical assistance specifically for smaller SFAs and charter schools, where capacity challenges can be more acute. Monitoring processes will be refined to verify the intended use of SEG funds in support of food service operations.

Recommendation: Review school food authorities that received less in federal funds than were budgeted to determine whether this was due to an under-projection for participation or other reasons.

This recommendation and the associated finding are insignificant. Having additional budget authority allows schools to adjust their budgets without having to submit budget adjustment requests. This is important because federal reimbursement rates are released after July 1 of each year and after district budgets are finalized. Participation increases are also difficult to predict, especially with participation increases anticipated with HUSM, and many districts include cash balances in their revenue projections. Having additional budget authority does not provide additional federal funds, only flexibility to increase budget authority as needed.

Recommendation: Monitor school food authorities' expenditures annually and provide technical assistance to districts that exceed costs of food service operations based on the federal reimbursement rate for participating students.

Per United States Department of Agriculture (USDA) guidelines, PED already monitors SFA expenditures annually and assesses whether total food service operation costs align with available federal reimbursement rates. For districts where costs exceed revenues in a way that impacts financial sustainability, PED offers focused technical assistance. This includes strategies

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for increasing participation, reducing food waste, improving menu planning, and optimizing procurement practices to better match revenue streams.

Recommendation: Work with Department of Finance and Administration and the Legislative Finance Committee to develop a statewide performance monitoring system for HUSM that aligns with the Accountability and Government Act to track expenditures, food waste, local food sourcing, scratch cooking, participation rates, and other academic and health outcomes.

The PED already tracks expenditures, participation rates, and academic outcomes. PED will develop a statewide performance monitoring system for HUSM that aligns with the Accountability and Government Act. This system will track a comprehensive set of indicators, including expenditures, food waste, local food sourcing, scratch cooking rates, participation levels, and relevant academic outcomes such as improvement of student attendance. We view this as a critical step toward continuous, data-informed improvement.

Recommendation: Launch a standardized student satisfaction survey to inform meal quality improvement efforts, and support SFAs with tools like menu feedback forms, taste test protocols, and engagement templates.

PED has developed a toolkit for schools that includes cafeteria posters, social media graphics, template letters for school use, informational guides for teachers, parents, and community that all include an embedded QR code with a standardized student satisfaction survey. This HUSM media campaign is being launched statewide this year and will be ongoing throughout the year through the various PED media platforms. This tool was designed to collect actionable feedback on meal quality and will be used to inform schools on menu adjustments and quality improvement strategies.

Recommendation: Expand technical assistance and training supports, particularly in scratch cooking, food safety, and compliance.

In school year 2024-2025, the PED in partnership with the New Mexico Department of Health - Obesity, Nutrition, and Physical Activity Program (ONAPA) conducted 17 culinary trainings across the five regions of the state and reached more than 159 schools and 418 school food service staff. PED Staff will continue to offer training and technical assistance in the 25-26 school year. The largest event will be the School Chef Symposium, hosted in October 2025, to bring together cafeteria staff and New Mexico Chefs for hands-on training on new recipes and scratch cooking techniques that can be immediately implemented in school cafeterias. Training will be conducted in a train-the-trainer model so that school nutrition leaders can return to their school districts and implement training and new recipe development with staff. Training modules will be available online and covered by PED staff during virtual gatherings. Additionally, PED staff will actively encourage school staff to participate in free online training opportunities, such as those offered by Culinary Institute of Child Nutrition. Additionally, the department will expand technical assistance in areas such as scratch cooking, food safety, and program compliance. The PED released a request for proposal on July 25, 2025, to support the PED and participating SFAs over the next two years in advancing sustainable, high-quality meals through a strategic focus on scratch cooking. The work will involve direct support, technical assistance, cohort-based school engagement trainings, and a statewide scratch cooking assessment.

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Recommendation: Require contracts with Food Service Management Companies to include clearer expectations for quality standards including percent of food that is locally sourced and that is scratch cooked.

To ensure that Food Service Management Companies (FSMCs) deliver high-quality service aligned with HUSM goals, PED has updated all FSMC registration forms to require that the FSMCs meet the requirements of the HUSM rule. In addition, the department is updating FSMC fixed price and cost reimbursable contract templates to include state language and rule requirements to ensure all schools have equal access to healthy and freshly prepared meals. Monitoring FSMC performance against these standards will be integrated into PED oversight protocols.

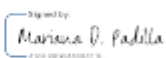
Recommendation: The Public School Capital Outlay Council should: Ensure disbursement of kitchen infrastructure funds to school districts are completed by the end of the fiscal year.

The narrative and table on page 13 list the School Kitchen Infrastructure Improvement (SKII) grant award as \$37 million; the correct total is \$20 million.

Other considerations that may support continued success of HUSM include providing an appropriation for the NM Grown program, or a sufficiently large HUSM appropriation to fund the NM Grown funding rates as provided for in statute and requiring sufficient student seat time in statute (there is no current statutory minimum).

The actions outlined above reflect PED's commitment to ensuring that the Healthy Universal School Meals program is fiscally sound, operationally effective, and capable of delivering lasting benefits to New Mexico's students.

Sincerely,

Signed by

Mariana D. Padilla

Mariana Padilla
Secretary of Public Education
New Mexico Public Education Department

Appendix A. Evaluation Scope and Methodology

Evaluation Objectives

- Evaluate program costs and funding sustainability;
- Determine if School Food Authorities are maximizing federal reimbursements vs. state funds;
- Assess program implementation and participation; and
- Evaluate progress on meal quality and local sourcing goals.

Scope and Methodology

This evaluation draws on a mixed-methods approach combining fiscal analysis, administrative data review, and stakeholder interviews to assess the implementation and performance of New Mexico's Healthy Universal School Meals program. Quantitative data sources include school meal budget, revenue, and expenditure records from the Operating Budget Management System, federal reimbursement reports, and student eligibility metrics from FY18 through FY25. These were supplemented with PED audits, vendor contract data, and participation counts across school types. Qualitative insights were gathered through interviews and site visits with school food authority staff, charter and district administrators, and PED officials. In addition, targeted case studies explored unique implementation challenges in small, rural, and newly participating schools. The evaluation pays particular attention to differences across governance models, the use of federal programs such as CEP, and the integration of local food sourcing and scratch cooking requirements. Limitations include inconsistent data availability across schools and evolving reporting systems that may affect year-to-year comparisons.

Evaluation Team

Ryan Tolman, Project Lead, Program Evaluator

Josh Chaffin, Program Evaluator

Stephanie Joyce, Program Evaluator

Authority for Evaluation

LFC is authorized under the provisions of Section 2-5-3 NMSA 1978 to examine laws governing the finances and operations of departments, agencies, and institutions of New Mexico and all of its political subdivisions; the effects of laws on the proper functioning of these governmental units; and the policies and costs. LFC is also authorized to make recommendations for change to the Legislature. In furtherance of its statutory responsibility, LFC may conduct inquiries into specific transactions affecting the operating policies and cost of governmental units and their compliance with state laws.

Exit Conferences

The contents of this report were discussed with Gregory Frostad, Assistant Secretary; Denise Terrazas, Director of Policy and Legislative Affairs; Liz Anichini, Healthy Universal School Meals Manager, Laura Michael Chavez, Director of Student Success & Wellness; Henry-Hand, Deputy Director of Student Success & Wellness; Amanda Hermosillo, Kids Kitchens Culinary Specialist of Student Success & Wellness; Rachele DiQuarto, Staff Manger of Student Success & Wellness; and Kendal Chavez, Policy Advisor Office of the Governor on August 12, 2025.

Report Distribution

This report is intended for the information of the Office of the Governor, Department of Finance and Administration, Office of the State Auditor, and the Legislative Finance Committee. This restriction is not intended to limit distribution of this report, which is a matter of public record.



Rachel Mercer-Garcia
Deputy Director for Program Evaluation

Appendix B: Timeline of School Meal Funding and Policy Developments

Year	Level	Policy/Development	Funding	Impact
2010	Federal	Healthy, Hunger-Free Kids Act (HHFKA)	N/A	New nutritional requirements; first federal regulation of vending/à la carte foods
2014	Federal	Community Eligibility Provision (CEP) nationwide implementation	N/A	Schools with 40 percent+ ISP became eligible for universal free meals
2017	State	NM Hunger-Free Students' Bill of Rights Act	N/A	Eliminated lunch shaming; ensured meal access regardless of debt
2020	Federal	Families First Coronavirus Response Act	Federal: \$152.4M to NM; \$7.6M in funding from Elementary and Secondary School Emergency Relief (ESSER) Fund	Enabled universal free meals during pandemic
2021	State	California/Maine establish permanent programs	N/A	Set model for other states
2022	Federal	Keep Kids Fed Act; end of pandemic waivers	Federal: Higher reimbursement rates extended	Return to income-based eligibility
2023	Federal/State	Federal: USDA lowers CEP to 25 percent ISP; NM Healthy Universal School Meals Act (SB 4) signed	Initial \$22.5M (FY24); Additional \$15M needed; \$20M kitchen infrastructure allocated (FY23-27); \$30M annual allocation established	Universal meals begin in NM; 95 percent of NM schools qualify for CEP
2024	State	First year implementation in NM	Implementation costs \$43.6M; \$1.23M (6 percent) in kitchen infrastructure funding spent	Funding gap emerges in NM
2024-25	State	Program continuation in NM	FY25: \$41M allocated; \$48M projected minimum needed for FY26; \$5.2M budgeted for kitchen infrastructure	Projected funding shortfall in NM

Appendix C. School Meal Participation Rates Among Local and State Charter Schools

Local district charters have lower school meal participation rates compared to school districts and state charters. Students who attended local charter schools participated in school lunches at a rate of 50.1 percent in SY24 compared to 63.3 percent of students at traditional public schools and 62.1 percent of students attending state charters. There was a small increase from SY23 to SY24 among local charter schools of only 3.1 percent, compared to an 8.6 percent increase in participation rate among traditional public schools and 9.6 percent increase among state charter schools. Breakfast participation followed a similar pattern, with local charter schools reporting the lowest rates and showing an increase from SY23 to SY24. Potential differences could be due to differences in kitchen infrastructure and many local charter schools, particularly in Albuquerque, contracting with food service management companies. Differences in participation rates do not appear to be driven by student ISP. Local charter schools serve a student population with an average ISP of 47.9 percent compared to an average of 48.0 percent at state charter schools and an average of 49.8 percent across school districts.

Chart 28. Lunch Participation Increased Less Among Local Charter Schools

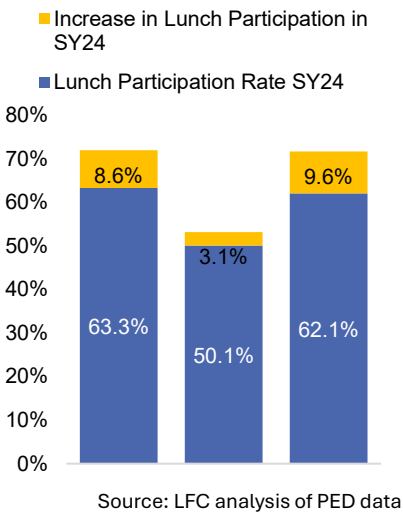
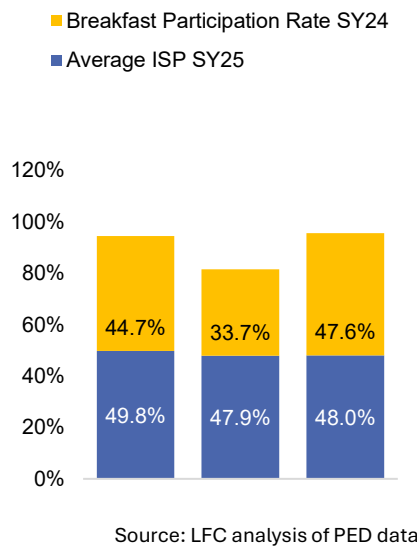


Chart 29. Lunch Breakfast Participation Increased Less Among Local Charter Schools



Appendix D. Federal School Meal Reimbursement Rates

Table 9. Federal School Meal Reimbursement Rates for Contiguous States

2024-25	National School Lunch Program (NSLP)			School Breakfast Program (SBP)		
	Less than 60%	60% or more	Maximum	Non-Severe	Severe Need	
Paid	\$0.42	\$0.44	\$0.50	Paid	\$0.39	\$0.39
Reduced	\$4.03	\$4.05	\$4.20	Reduced	\$2.07	\$2.54
Free	\$4.43	\$4.45	\$4.60	Free	\$2.37	\$2.84
2025-26	Less than 60%	60% or more	Maximum	Non-Severe	Severe Need	
Paid	\$0.46	\$0.50	\$0.52	Paid	\$0.40	\$0.40
Reduced	\$4.22	\$4.20	\$4.37	Reduced	\$2.16	\$2.64
Free	\$4.62	\$4.60	\$4.77	Free	\$2.46	\$2.94

Source: USDA