

FY2025 Budget Reconciliation: Implications for USDA's Child Nutrition Efforts

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The FY2025 budget reconciliation act (P.L. 119-21) did not make direct changes to the National School Lunch Program or other U.S. Department of Agriculture (USDA)-administered [child nutrition programs](#). However, reductions in Supplemental Nutrition Assistance Program (SNAP) and Medicaid enrollment that are expected to result from the law may have indirect effects on USDA-led child nutrition efforts, primarily because children in households receiving SNAP and Medicaid are often automatically enrolled in free and reduced-price (F/RP) school meals and other child nutrition benefits. Due to potential variation in states' responses to the new policies and other factors, the precise impact on child nutrition benefits is currently difficult to quantify.

SNAP, Medicaid, and School Meals

P.L. 119-21 makes changes to SNAP and Medicaid that are expected to reduce participation in those programs (see CRS reports on the [SNAP](#) and [Medicaid](#) policies for further discussion). These include changes to eligibility rules, such as immigrant status restrictions and work requirements, which have direct and indirect effects on children. Other changes reduce federal outlays to states, which may result in states opting to further restrict eligibility in SNAP and eligibility and/or benefit coverage in Medicaid, or cut funds from other programs (such as school meals). These potential state decisions might affect SNAP and Medicaid more broadly, including children's eligibility.

To the extent that fewer children participate in SNAP and Medicaid, their access to F/RP school lunches and breakfasts may be affected in three main ways:

Loss of Automatic Enrollment

Children in SNAP households are automatically eligible for free school meals, and states are required to enroll them in such meals without a separate income test or application. Medicaid does not confer automatic eligibility for free meals; however, in [44 demonstration states](#) agencies use Medicaid household income data to enroll children in free school meals (household income at or below 130% of poverty) and reduced-price meals (130%-185% of poverty).

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Children who are no longer automatically enrolled through SNAP or Medicaid may still [fill out applications](#) for F/RP school meals, and many will likely continue to receive benefits based on a household income test. However, some children who previously qualified for free meals through SNAP may move to the reduced-price category or no longer qualify based on household income.

Potential Reduction in Community Eligibility Provision (CEP) Schools

[Close to half](#) of NSLP schools now operate CEP, an option that enables free meal service for all students under an alternative federal funding formula. Schools' eligibility for CEP is based on the proportion of students who are automatically certified for free school meals through pathways like SNAP and Medicaid, which must be at least 25%.

A reduction in children's SNAP and Medicaid enrollment could therefore decrease the number of schools eligible for CEP. It could also reduce schools' income under CEP (which also depends on the automatic enrollment data), which may cause schools to opt out. If schools stop operating CEP, some students (particularly those from middle- and higher-income families) would lose access to free meals, and others would retain access through individual eligibility determinations.

Potential Loss of State Funding for School Meals

States will face new budgetary demands resulting from the Medicaid and SNAP provisions in P.L. 119-21, which could compete with state funding for school meal programs, particularly in states that have provided funding for universal free meal programs. If states stop funding universal meals, some children would retain access through eligibility determinations and others would no longer receive free meals.

Other Child Nutrition Impacts

P.L. 119-21 may also affect the following USDA-led child nutrition efforts:

- Grocery benefits provided under the Summer EBT program are adjusted annually to reflect changes in the cost of USDA's [Thrifty Food Plan](#). P.L. 119-21 limits USDA's authority to increase the cost of the Thrifty Food Plan in future years.
- Similar to school meals, SNAP and Medicaid participation is used to streamline eligibility for mothers and young children in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program. In addition, SNAP receipt makes children automatically eligible for free summer meals (in some cases), Summer EBT benefits, and Child and Adult Care Food Program (CACFP) center meals.
- F/RP meal participation trends affect where some child nutrition programs operate and how much funding they receive. For example, community-based summer meal sites and CACFP At-Risk Afterschool meal providers must be located in areas where [at least 50% of students receive F/RP school meals](#). In CACFP, day care homes receive higher reimbursements if they meet the 50% F/RP threshold.

Participation Estimates and Federal Cost Savings

CBO estimated that new SNAP state cost-sharing requirements in P.L. 119-21 would reduce child nutrition program benefits for approximately [96,000 children](#), saving the federal government \$170 million over 10 years (FY2028-FY2034). While this reflects less than 1% of the F/RP population and the child nutrition budget, the impact may be larger if other policies were to be included (such as the Medicaid changes), or if states and school districts reduce investments in school meal programs. For example, a

[previous analysis](#) by the Urban Institute (a nonprofit research organization) of the earlier, House-passed SNAP provisions—which were more restrictive than those enacted—estimated broader reductions in school meal participation.

Discussion

Participation changes in SNAP and Medicaid can affect children’s F/RP meal receipt in school, summer, afterschool, and child care settings. CBO’s projected impacts of the SNAP policies in P.L. 119-21 on child nutrition program participation and spending are relatively small. There could, however, be variation in outcomes depending on states’ responses to the changes, particularly if they end funding for universal school meal programs. Because of the implementation timeline of the SNAP and Medicaid policies, as well as school meal rules (e.g., school eligibility for CEP is determined on a four-year cycle), effects may not be felt within child nutrition programs until several years from now.

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