

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0631-01
Bill No.: HB 132
Subject: Elementary and Secondary Education; Food
Type: Original
Date: March 11, 2019

Bill Summary: This proposal requires certain public schools to offer breakfast after the bell.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Federal Funds for School Breakfast Program*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Transfers in and transfers out net to zero.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	(Unknown, Could exceed \$444,252)	(Unknown, Could exceed \$444,252)	(Unknown, Could exceed \$444,252)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal will result in no cost to the department.

Officials from the **Kirksville R-III School District** assume this proposal would have a limited negative fiscal impact on the district.

Officials from **Wellsville-Middletown R-1 School District** and **Francis Howell School District** state they do not fall within the free and reduced lunch parameters of the proposal.

Officials from the **Carondelet Learning Academy** and **Springfield Public Schools** each assume the proposal will have no fiscal impact on their organization.

Oversight notes there are approximately 618 public schools (buildings) where seventy percent or more of students enrolled are eligible for free and reduced lunch. The free and reduced lunch student count for those public schools is estimated at 163,133 out of a total of 435,790 or approximately 37%.

Oversight notes there were 37,027,981 free and reduced breakfasts served in FY 2018 at an average cost of \$2.50 (with 3,273,997 being reduced and 33,753,984 being free). Oversight estimates approximately 13,711,453 breakfasts served were attributable to the public schools with 70% or more of students eligible for free and reduced lunch (37,027,981 * 37%). Oversight estimates 12,340,308 fall into the category of free breakfasts served (13,711,453 *90%) based on information from DESE's FY 2020 budget book.

Oversight notes if there was an increase of ten percent (10%) in free breakfasts served as a result of designated public schools participating in breakfast after the bell programs, Oversight estimates the following cost:

FY 2018	
Number of Free Breakfasts Served	12,340,308
10% Increase (assumed)	1,234,031
Cost of Increase	\$3,085,078

* Oversight used the average cost per breakfast served estimated at \$2.50 per meal.

ASSUMPTION (continued)

Oversight notes a 10% increase in free breakfasts served would cost participating public schools a total of approximately \$3,085,078. However, Oversight notes the U.S. Department of Agriculture (USDA) reimburses districts for eligible meals served. Oversight notes the following USDA reimbursement rates:

Reimbursement Rates FY 2019	Non-Severe Need	Severe Need
Free Meal	\$1.79	\$2.14

Assuming the Severe Need reimbursement rates for free meals, Oversight estimates the following:

	Free Meal
Breakfasts Served	1,234,031
Reimbursement Rate (Severe Need)	\$2.14
Estimated Federal Reimbursement	\$2,640,826

Based on information from DESE's FY 2020 budget book, Oversight notes free breakfast participation was at 63% of free lunch participation in FY 2018 (33,753,984 / 53,839,882). After a brief review of other studies, Oversight notes increases in breakfast participation could reach as high as 90% of lunch participation for schools participating in breakfast after the bell programs.

Oversight notes the estimates above are only for free breakfasts served. Oversight notes school districts would incur additional costs and reimbursement for reduced and paid breakfasts served. Therefore, Oversight will show an unknown cost to school districts and an unknown impact to federal funds that could exceed the estimates above.

Oversight notes school districts also charge students for reduced and paid meals served.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

ASSUMPTION (continued)

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
FEDERAL FUNDS			
<u>Revenue</u> - increased reimbursement for breakfasts served	Unknown, Could exceed \$2,640,826	Unknown, Could exceed \$2,640,826	Unknown, Could exceed \$2,640,826
<u>Transfer Out</u> - to Schools	(Unknown, Could exceed \$2,640,826)	(Unknown, Could exceed \$2,640,826)	(Unknown, Could exceed \$2,640,826)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
SCHOOL DISTRICTS			
<u>Transfer In</u> - from Federal Funds	Unknown, Could exceed \$2,640,826	Unknown, Could exceed \$2,640,826	Unknown, Could exceed \$2,640,826
<u>Cost</u> - increased participation in breakfast	(Unknown, Could exceed \$3,085,078)	(Unknown, Could exceed \$3,085,078)	(Unknown, Could exceed \$3,085,078)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	(Unknown, Could exceed <u>\$444,252</u>)	(Unknown, Could exceed <u>\$444,252</u>)	(Unknown, Could exceed <u>\$444,252</u>)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires a public or charter school to offer breakfast after the bell if 70% or more of the school's students were eligible for free or reduced price meals in the previous year, the school uses the United States Department of Agriculture Community Eligibility Option, or the school has an individual site percentage for free or reduced price meals of 70% or more and is a Provision 2 school as described in 7 CFR 245.9. A school in which 70% or more of its students who are eligible for free or reduced price meals participate in the School Breakfast Program shall not be required to offer breakfast after the bell.

Schools shall offer breakfast after the bell to all students in the school, including students who arrive late or by a different mode of transportation than most students. Schools may choose a service model that best suits their students, including breakfast in the classroom or breakfast after first period.

Schools shall not be required to offer breakfast after the bell if the federal per-meal reimbursements for free or reduced price breakfasts are decreased below 2019 levels or eliminated.

The bill also requires the Department of Elementary and Secondary Education to notify schools required to offer breakfast after the bell; recognize up to 15 minutes spent by students consuming breakfast as instructional time if the students receive instruction while consuming breakfast in the classroom; assist schools as specified in the bill; collect information as specified in the bill; and submit a report each year to the General Assembly on the implementation and effectiveness of the provisions of the bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Kirksville R-III School District
Wellsville-Middletown R-1 School District
Carondelet Learning Academy

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SOURCES OF INFORMATION (continued)

Springfield Public Schools
Francis Howell School District



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March 11, 2019

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March 11, 2019