

HF4075 - 0 - School Meal Policy and Aid Provisions

Chief Author: **Lyndon Carlson Sr.**
 Committee: **Education Finance Division**
 Date Completed: **6/16/2020 11:47:51 AM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	8,101	8,137	8,217	
Total	-	-	8,101	8,137	8,217	
Biennial Total			8,101		16,354	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	.6	.6	.6
Total	-	-	.6	.6	.6

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
General Fund	-	-	8,101	8,137	8,217	
Total	-	-	8,101	8,137	8,217	
Biennial Total			8,101			16,354
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	8,101	8,137	8,217	
Total	-	-	8,101	8,137	8,217	
Biennial Total			8,101			16,354
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

HF4075-0 revises 124D.111 to Meal Aid; School Meal Policy; Food Service Accounting. The revision of 124D.111 requires a school meal policy to be in writing and clearly communicate student meal charges when payment cannot be collected at the point of service. The bill revisions provide additional state reimbursement to school food authorities that participate in the National School Lunch Program (NSLP) and School Breakfast Program (SBP) to increase reimbursement to allow for meals to be served at no charge to the student if the students’ parents or guardians have income greater than 185 percent but less than or equal to 200 percent of the federal poverty level.

Assumptions

Total students affected: 20,559
170 days of school

Grade levels are in three categories; elementary, middle and high school

Participation assumption rates as listed:

- Elementary participation (40% breakfast) and (80% lunch)
- Middle school participation (30% breakfast) and (50% lunch)
- High school participation (10% breakfast) and (30% lunch)

\$3.09 additional reimbursement required to equal a free lunch (using FFY21 rate) at the federal reimbursement rate.

\$0.98 additional reimbursement required to equal a free breakfast.

The federal breakfast and lunch reimbursement rates increase each year. Based on historical increases, breakfast growth is assumed at 4% each year and lunch growth is assumed at 0.5% in each year. If fixed reimbursement rates are desired (e.g. FFY21 rates for all years), the language should be amended to clarify this intent.

Administrative costs include:

- One Time MNIT costs of \$40,000 in FY21 for updating CLiCS
- 0.1 FTE in Management Analyst 4 - IT liaison costs
- 0.5 FTE in Nutrition Program Consultant program staff costs for developing eligibility materials and training

Expenditure and/or Revenue Formula

1	HF4075 Calculations			
2				
3	% enrollment by grade level			
4	Elementary PreK-5	54%		
5	Middle School 6-8	23%		
6	High School 9-12	31%		
7				
8	% lunch participation			
9	Elementary PreK-5	80%		
10	Middle School 6-8	50%		
11	High School 9-12	30%		
12				
13	% breakfast participation			
14	Elementary PreK-5	40%		
15	Middle School 6-8	30%		
16	High School 9-12	10%		
17				
18	# of students within 186-200% of Federal Poverty	20,559		
19	# of school days in academic year	170		
20				
21	LUNCH CHANGE	FY21	FY22	FY23
22	Additional state reimbursement (.5% annual growth)	\$3.09	\$3.11	\$3.12
23				
24	PreK-5 = line 18 * line 4 * line 9 * line 22 * line 19	4,652,150	4,675,411	4,698,788
25	Middle = line 18 * line 5 * line 10 * line 22 * line 19	1,246,111	1,252,341	1,258,603
26	High Sch = line 18 * line 6 * line 11 * line 22 * line 19	996,890	1,001,874	1,006,884
27	TOTAL LUNCH	6,895,150	6,929,626	6,964,274

28				
29	BREAKFAST CHANGE	FY21	FY22	FY23
30	Additional state reimbursement (4% annual growth)	\$0.98	\$1.02	\$1.06
31				
32	PreK-5 = line 18 * line 4 * line 14 * line 30 * line 19	737,720	767,228	797,917
33	Middle = line 18 * line 5 * line 15 * line 30 * line 19	237,124	246,609	256,473
34	High Sch = line 18 * line 6 * line 16 * line 22 * line 19	105,389	109,604	113,988
35	TOTAL BREAKFAST	1,080,232	1,123,441	1,168,379
36				
37	MDE ADMINISTRATIVE COSTS	FY21	FY22	FY23
38	MN.IT - upgrade to CLiCS (160 Hours @ \$250/hr)	40,000		
39	0.1 FTE Management Analyst 4 (IT Liaison)	15,534	15,322	15,322
40	0.5 FTE Nutrition Program Consultant	69,915	68,935	68,935
41	TOTAL ADMIN = (line 38 + line 39 + line 41)	125,449	84,257	84,257
42				
43	TOTAL COSTS = (line 27 + line 35 + line 41)	8,100,832	8,137,325	8,216,910

Long-Term Fiscal Considerations

Reimbursement must keep up with growing number of meals as well as the federal Cost of Living Adjustment (COLA) increases. This amount of reimbursement is dependent on the participation rate. If rate of school breakfast and lunch dramatically increased to 100% participation, state funding for reimbursement at 186%-200% poverty level would need to double.

Local Fiscal Impact

Schools currently use different versions of point-of-service software systems to count the number of students who are eligible as free, reduced or paid. Additionally, this software counts the number of meals served. If eligibility requirements are modified at the state level, each school or school food authority must upgrade their point-of-service software to be able to handle additional eligibility guidelines. Each school or School Food Authority (SFA) will incur the cost to upgrade their software and will need to change their procedures for collecting the data. Currently, there are approximately 670 SFA's on the NSLP and Breakfast programs.

References/Sources

MDE Data Center <https://public.education.mn.gov/MDEAnalytics/Data.jsp>

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