

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 284** HLS 18RS 752

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

REVISED

Date: April 18, 2018	12:34 PM	Author: SMITH, P.
Dept./Agy.: Education		Analyst: Jodi Mauroner
Subject: School Meals		

SCHOOLS/FOOD PROGRAMS RE INCREASE LF EX See Note Page 1 of 2
Revises procedures relative to a student's inability to pay for school meals and a student's meal debt

Present law provides that school lunches be furnished to students and that districts shall participate in the national school breakfast program. Requires districts that deny meals to students to implement certain procedures. **Proposed law** requires the state department of education (LDE) to identify schools and districts eligible to participate in the federal Community Eligibility Provision option, notify schools and districts of eligibility, and provide assistance and guidance relative to opting into this provisions as requested. Revises the procedures relative to a student's inability to pay for school meals and meal debt. Requires schools to provide meals requested by a student regardless of whether he has money to pay or owes money for meals. Provides for procedures if a student owes money for three or more meals. Prohibits schools from taking certain actions because a student cannot pay for or owes money for meals. Requires schools to document each instance that a child is served a meal because he cannot pay and to provide this documentation to the LDE, the Dept. of Children and Family Services (DCFS) and House and Senate Education committees annually. Effective upon governor's signature.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

There will be an indeterminable increase in the expenditures of school districts and charter schools to meet the requirements to provide school meals regardless of ability to pay as well as to provide resources for support and reporting requirements.

Current statutes regarding meals are limited to K-8; proposed legislation expands this to include high schools students (K-12), further increasing the financial liability of the district. In 2017 New Mexico and Oregon enacted similar legislation and both states' districts indicate significant increases in unpaid meal balances. Furthermore, New Mexico cited the number of completed F&R applications has decreased, which negatively impacts Title 1 allocations (see revenue explanation).

There will be an increase in resource needs for districts to meet the increased support and reporting requirements of the bill. Districts already have a process in place that provides for parental notifications but it is unknown whether they meet the definition of reasonable effort to contact parents and provide assistance in completing applications; some districts may already meet or exceed the required number of contact attempts, however, not all districts follow the same procedure.

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REVENUE EXPLANATION

There may be an indeterminable impact on the allocation of federal Title 1-A grant allocations to local schools. Title 1 funds programs intended to improve learning for disadvantaged students at risk of educational failure. Funds are awarded to the state and allocated to local districts based on the number of low-income students. For the vast majority of public schools, approval to receive free and reduced lunch (F&R) has been the sole, or primary indicator of family income. For CEP participating schools these counts are no longer available. While this will not effect the state or district allocations, it will impact allocations to individual schools. This will require districts to utilize other data collections methods which have their own implications for necessary resources, availability of data, or utilization of new data sources. New Mexico districts reported that the legislation has resulted in a decrease in the the number of completed F&R applications, further impacting schools' Title 1 allocations.

There may be an increase in revenues of local districts to the extent the Department of Revenue makes an offset of any debt owed against any refund or overpayment of individual income taxes and remits such funds to the district.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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Staff Director

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CONTINUED EXPLANATION from page one:

Districts report that obtaining the necessary F&R application is a labor intensive process and to the extent they are prohibited from communicating with students, additional staff will likely be needed to contact and follow up with parents. Currently districts are only required to submit reports upon request; proposed legislation mandates annual reports be sent to multiple entities each year. However, LFO was informed districts submit monthly reports to the LDE so this does not appear to represent a significant workload increase.

The proposed legislation requires LDE to identify schools and districts eligible to participate in CEP and provide technical assistance and guidance upon request. The LDE indicated it currently supports districts with the required assistance and does not anticipate the increased workload will be material to warrant additional resources.

The proposed legislation authorizes schools to notify DCFS if a student owes money for ten or more meals during a single school year. However, DCFS reports that this does not meet the criteria for abuse or neglect and would not be accepted for assessment and investigation, therefore there would be no impact to the department.

Finally, the proposed legislation authorizes a district to submit the debt to the Department of Revenue each year; the secretary shall make an offset of such debt against any refund or overpayment of the individuals' income tax and remit such offset to the school board. The LDR has indicated any costs to implement an offset program for collection of debt on school meals for the 140 school board and charter schools could be absorbed within the existing operating budget.

Under the proposed legislation those schools which do not participate in CEP will be required to provide meals to students, regardless of their ability to pay. Community Eligible Provision (CEP) is a meal service option allowing schools to serve breakfast and lunch at no cost to all enrolled students without collecting individual free and reduced lunch applications (F&R). Through CEP, a school district, a group of schools or a single school may offer meals at no charge to all students. Schools which meet the Identified School Percentage (ISP) will have all meals reimbursed at the federal rate (adjusted annually). Program costs that exceed the federal reimbursement must be paid with non-federal resources. Based on information from the School Nutrition Association of Louisiana, there are currently 172 approved School Food Authorities (includes 70 districts and charters acting as their own authority) with 129 that participate in CEP partially or fully (partial participation means that not all schools in the district participate). Per the federal Food Research & Action Center there were approximately 1,200 eligible or near eligible public schools in the state; 954 schools with student enrollment of 457,500 participate in CEP. Costs vary by district, but students who are not eligible for free meals pay on average \$4 per meal. These charges do not necessarily cover the cost of producing the meal and districts seek to fund the difference through efforts such as additional sales and catering activities.

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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