



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 594** HLS 24RS 686
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 20, 2024 9:23 AM	Author: GREEN
Dept./Agy.: EDUCATION	
Subject: Free School Breakfast Program	Analyst: Julie Silva

SCHOOLS/FOOD PROGRAMS OR INCREASE GF EX See Note Page 1 of 2
 Creates and provides for the Free School Breakfast Program to be administered by the state Department of Education

Proposed legislation requires the Louisiana Department of Education (LDOE) to provide funding to governing authorities of school nutrition programs that participate in the Free School Breakfast Program for each reimbursable school breakfast served, up to one breakfast per student per school day. **Effective upon appropriation of funds for this purpose.**

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is expected to significantly impact state, local, and federal fund expenditures. The bill directs the Louisiana Department of Education (LDOE) to create a Free School Breakfast Program to provide free breakfasts to certain public school students. Requires each public or charter school governing authority to participate in the Community Eligibility Provision (CEP) and continue participation for the entire four-year CEP cycle if they meet the program eligibility requirements. These requirements include having an Identified Student Percentage (ISP) greater than or equal to 25% for the 2024-25 school year. The ISP is the percentage of enrolled students who are certified for free school meals without submitting a household income application. This includes, but is not limited to, those students directly certified through specific federal benefits programs (TANF, SNAP, Medicaid, etc).

LDOE reports that all public and charter school governing authorities in the state except one, a charter in Belle Chasse, currently meet the minimum threshold to enroll in CEP. **Enrollment in CEP requires participation in both the National School Lunch Program (NSLP) and School Breakfast Program (SBP).** The program further requires that participants provide both breakfast and lunch at zero cost to all enrolled students.

The rate of federal reimbursement is dependent on each school governing authority's specific ISP. As a result, while some districts with extremely high ISPs would receive a majority of funding from the federal government, those closer to the 25% threshold will receive proportionately less. Due to CEP requirements, and the provisions in proposed legislation, the state would be responsible for the delta between what the federal government reimburses through CEP and the actual cost to provide students with breakfasts. Conversely, the local governing authorities would be responsible for the same costs related to the provision of school lunches.

Of the 135 CEP eligible public and charter school governing authorities in the state, 102 participate at the district level. These governing authorities would not expect to see an increase in local expenditures, as they are currently already providing the non-federal share based on their respective ISPs for both breakfast and lunch. In fact, proposed legislation could result in a reduction in local fund expenditures for these districts as the state would assume responsibility for the non-federal share related to breakfast. Twenty authorities participate partially, meaning some schools in the district are enrolled, while others are not. The remaining 13 authorities do not participate at all. Proposed legislation would result in an increase in local expenditures for both of these latter groups, as the local governing authorities would be responsible for the remaining cost to fully fund student lunches.

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REVENUE EXPLANATION

To the extent proposed legislation leads to an increase in program participation, particularly the requirement mandating CEP participation for all eligible schools, federal funds received from the U.S. Department of Agriculture (USDA) would increase.

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}

Patrice Thomas
Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

Community Eligibility Provision (CEP)

The CEP is a federal reimbursable entitlement program, which makes development of an accurate methodology to determine potential impacts difficult. Using student counts and district Identified Student Percentages (ISP) to calculate federal reimbursement rates and state and local responsibilities would provide one estimate, as shown below, but it does not account for actual participation levels, which are a significant variable.

Actual CEP Funding Methodology

The number of federally funded meals is not tied to specific students, but instead based on a percentage of students established using a district's individual ISP. The federal government will pay the entirety of the cost for governing authorities with ISPs greater than 62.5%, but that amount decreases in proportion to the ISP. Therefore, the lower the ISP, the higher the cost for state and local governments. A multiplier, codified by the USDA at 1.6 to promote CEP financial visibility, is used to determine the percentage of meals that CEP schools can claim at the free and paid reimbursement rate levels. For example, if 100 students are enrolled at a school with students who eat both breakfast and lunch every day and whose ISP is 50%, the school could expect to receive reimbursement of the cost to provide completely free meals for 80 students (50% x 1.6 x 100). Under this scenario, the federal government would reimburse the district \$93,173, based on the calculated number of expected students (80) multiplied by the cost of the meals (Breakfast \$2.73 + Lunch \$3.85) multiplied by the number of instruction days (177). The remaining 20 students would still receive meals at no cost, but the state would be responsible for the remaining breakfast costs estimated at \$9,665 (\$2.73 x 20 x 177) and the local school district would be responsible for the remaining lunch costs estimated at \$13,629 (\$3.85 x 20 x 177). This estimate assumes all students will eat each meal for each day of school (177 required days) in a given year, however, actual participation data indicates this is not the case.

Cost Estimates Using 2022-23 Student Meal Participation Rates

The table below uses data on actual paid student participation counts and paid meal rate data from the 2022-23 school year to provide a five-year projection of estimated potential fiscal impacts. **During the 2022-23 school year, students who did not receive free or reduced rate meals spent an estimated \$11 M on 4.7 M breakfasts and \$30.5 M on 8.9 M lunches.** The estimate assumes these students make up the portion of public and charter school students statewide who do not receive assistance through any of the programs upon which a governing authority's ISP is based. Participation level increases and subsequent expenditures are based on the following statistics. A study published by the National Library of Medicine indicates that CEP and Breakfast After the Bell programs in schools increased student breakfast participation by 14%. The Food Research and Action Center (FRAC) estimates these programs lead to a 6.8% increase in lunch participation and a 12.1% increase in breakfast participation. In order to illustrate the potential impact to all means of finance in FY 25 and beyond, it is assumed **the 2024-25 school year will start with a 14% increase in breakfast participation rates and a 6.8% increase in lunch participation rates compared to data from the 2022-23 school year, with a 5.1% CPI increase for both in each year thereafter.**

FY	(Breakfast)	(Breakfast & Lunch)	(Lunch)
	SGF	Federal	Local
24-25	\$12,568,834	\$369,111,541	\$32,527,863
25-26	\$13,209,844	\$387,936,229	\$34,186,784
26-27	\$13,838,546	\$407,720,977	\$35,930,310
27-28	\$14,591,607	\$428,514,747	\$37,762,755
28-29	\$15,355,779	\$450,368,999	\$39,688,656
Total	\$69,564,610	\$2,043,652,493	\$180,096,368

Student ISP Verification

CEP eliminates the need for schools to collect household income applications by sharing eligibility data between specific Federal assistance programs, which can reduce administrative burden for both schools and families. Proposed legislation requires school systems to submit income data in an effort to increase ISPs. LDOE reports that ISPs are not impacted by income information, but are based solely on source data reported from other state agencies on participation in programs such as Medicaid, SNAP, and/ or TANF. As a result, LDOE reports school systems would not be able to comply with this requirement in the proposed measure.

Note: Act 305 of the 2023 Regular Session requires that eligible students in grades kindergarten through 12 are provided breakfast and lunch at no cost. Eligible students, as defined in the Act, are those who receive reduced price meals by meeting federal eligibility guidelines based on household size and income levels established by the school breakfast program and national school lunch program. Under these programs, students are able to purchase meals for a set, reduced price of forty cents (\$0.40) for lunch and thirty cents (\$0.30) for breakfast. The Act requires the Louisiana Department of Education (LDOE) to reimburse these costs, upon appropriation of funds by the legislature. HB 1 of the 2024 Regular Session includes an appropriation of \$859,454 for this purpose. To the extent this funding can be applied to the program in HB 594, anticipated FY 25 SGF costs would lower accordingly.

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}


Patrice Thomas
 Deputy Fiscal Officer