

HF5 - 3A - School Lunch and Breakfast for All Students

Chief Author: **Sydney Jordan**
 Committee: **Education Finance**
 Date Completed: **1/24/2023 12:49:17 PM**
 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	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	190,112	197,494	205,377	213,599	
Total	-	190,112	197,494	205,377	213,599	
Biennial Total			387,606		418,976	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	2.3	1.5	1.5	1.5
Total	-	2.3	1.5	1.5	1.5

LBO Analyst's Comment

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

LBO Signature: Alyssa Holterman Rosas **Date:** 1/24/2023 12:49:17 PM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

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		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	190,112	197,494	205,377	213,599	
Total	-	190,112	197,494	205,377	213,599	
	Biennial Total		387,606		418,976	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	190,112	197,494	205,377	213,599	
Total	-	190,112	197,494	205,377	213,599	
	Biennial Total		387,606		418,976	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-		-	-

Bill Description

Any Minnesota school that participates in the United States Department of Agriculture National School Lunch and Breakfast Program must provide, at no cost, a federally reimbursable lunch to all enrolled students each school day. A participating school with an Identified Student Percentage (ISP) at or above the federal percentage determined for all meals to be reimbursed at the free rate must participate in the Community Eligibility Provision (CEP).

MDE will provide to every Minnesota school providing meals to students under paragraph (a) funding equal to the difference between the federal reimbursement and the average cost of a school meal as annually defined by the United States Department of Agriculture.

Assumptions

Current ISP rate that provides all meals be reimbursed at free rate through CEP is 62.5%

Schools that have ISPs under 62.5% will automatically qualify for free meals

It is assumed that schools at 62.5% ISP will participate in CEP and the universal meal proposals.

This bill provides funding for schools to provide each participant (student) a free breakfast and lunch. It is assumed that students are offered a meal and may choose to accept or decline, and only actual meals accepted will be used for calculation of payment.

Calculation of participating students is based on an average of students served in FY2018 and FY2019 (with FY2019 ramped up by 8 days to account for snow days). FY2024 is set at this base, and each year FY2025, FY2026 and FY2027 is increased by 4% from the previous year. This is due to a steady increase in participants due to meals now being free for all students.

Costs for meals were adjusted to account for newly enacted direct certification of Medicaid recipients. It is assumed that 47,700 students will be newly directly certified. Half of the students are assumed to be new to eating school meals due to their direct certification, and half are assumed to previously be full pay students, but are now free due to this direct certification.

CEP data is calculated using the CEP Proxy data report for FY2022-23, which utilizes FY2021-22 Free/Reduced/Full Pay and direct certification data from Minnesota Automated Reporting Student System (MARSS) to determine if a school is eligible for CEP beginning FY2022-23.

There will be need for an increase of 2.3 full time equivalent (FTE) Nutrition Program Consultants for additional training, technical assistance, and review activities in FY2024, and 1.5 FTE Nutrition Program Consultants annually in FY2025 and beyond to coordinate and maintain program participation. The ongoing new FTE would be required to address the universal school meals component and .5 FTE would be used to increase the existing CEP specialist to work on that program full time.

Indicator Data Collection (IDC) is 17% for 2024, set by Education and can change yearly. Developers need to change the code in CLiCS and the connections to direct cert and MARSS. Testers test the changes once programmers are done to make sure everything works. MNIT costs will be incurred for multiple developers and one tester at an average hourly rate of \$110 per hour plus rent and IDC.

Expenditure and/or Revenue Formula

Meal Costs:				
	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Total Universal Meals Lunch Cost	175,240,428	182,250,045	189,540,047	197,121,649
Total Required CEP Lunch Savings	-369,628	-390,179	-411,873	-418,051
Total combined Lunch cost	174,870,800	181,859,866	189,128,174	196,703,598
	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Total Universal Meals Breakfast Cost	15,027,267	15,628,358	16,253,492	16,903,631
Total Required CEP Breakfast Savings	-185,381	-195,688	-206,568	-209,667
Total combined Breakfast cost	14,841,886	15,432,670	16,046,924	16,693,964
	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Total combined Lunch cost	174,870,800	181,859,866	189,128,174	196,703,598
Total combined Breakfast cost	14,841,886	15,432,670	16,046,924	16,693,964
Total combined cost	189,712,686	197,292,536	205,175,098	213,397,562
MNIT Costs:				
	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
MNIT PM (120 hours)	13,200			
QA - Hao (120 hours)	13,200			
Java Developer(s) (580 hours)	63,800			
Tota 820 hours at \$110/hour	90,200	0	0	0
FTE Costs:				
	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
2.3 FTE Nutrition Program Consultant	309,346			

1.5 FTE Nutrition Program Consultant		201,747	201,747	201,747
Total FTE Cost	309,346	201,747	201,747	201,747
Total Cost	190,112,234	197,494,283	205,376,845	213,599,309

Long-Term Fiscal Considerations

The state will need to match USDA annual reimbursement rates for breakfast and lunch. Increases range between 2-4% annually.

Local Fiscal Impact

Schools will have to incur costs to modify their point of service (POS) tracking systems.

CEP participation mandates both breakfast and lunch meal service

Schools may have to add breakfast or lunch meal service (if currently only doing only one meal service) to participate in free meal program which will increase staffing and food costs.

References/Sources

Agency Contact: Daron Korte, 651-582-8215

Agency Fiscal Note Coordinator Signature: Melissa Stirn

Phone: 651-582-8690

Date: 1/24/2023 10:38:25 AM

Email: melissa.stirn@state.mn.us