HB 572-FN - AS AMENDED BY THE HOUSE

22Mar2023... 0904h

2023 SESSION

23-0373
10/04

HOUSE BILL ***572-FN***

AN ACT relative to eligibility for free school meals.

SPONSORS: Rep. Hall, Merr. 9; Rep. Cascadden, Coos 5; Rep. Ellison, Merr. 28; Rep. M. Murray, Hills. 37; Rep. Burroughs, Carr. 2; Rep. Woodcock, Carr. 1; Rep. Rombeau, Hills. 2; Rep. Myler, Merr. 9; Rep. Cornell, Hills. 22; Rep. Tanner, Sull. 5

COMMITTEE: Education

AMENDED ANALYSIS

This bill increases the eligibility for free school meals to household incomes up to 300 percent of federal poverty guidelines, and provides funding fro the education trust fund for the additional costs.

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Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Three

AN ACT relative to eligibility for free school meals.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Schools; Food and Nutrition Programs; School Lunch Eligibility. Amend RSA 189:11-a, I to read as follows:

I.***(a)*** Each school board shall make at least one meal available during school hours to every pupil under its jurisdiction. Such meals shall be served without cost [~~or at a reduced cost to any child who meets federal income eligibility guidelines~~] ***to any child whose annual household income is less than or equal to 300 percent of the federal poverty guidelines as updated annually in the Federal Register by the United States Department of Health and Human Services under 42 U.S.C. section 9902(2)***. The state board of education shall ensure compliance with this section and shall establish minimum nutritional standards for such meals as well as income guidelines set for the family size used in determining eligibility for free and reduced price meals. Nothing in this section shall prohibit the operation of both a breakfast and lunch program in the same school.

(b) All costs for the school meals program under subparagraph (a) in addition to sums allocated under RSA 186:13, XI, shall be funded by disbursements from the department of education to the school districts, made from funds appropriated for such purpose from the education trust fund. The amount necessary to fund this paragraph is hereby appropriated to the department from the education trust fund created under RSA 198:39. The governor is authorized to draw a warrant from the education trust fund to satisfy the state's obligation under this paragraph.

2 Education Trust Fund; School Meals. Amend the introductory paragraph of RSA 198:39, I to read as follows:

I. The state treasurer shall establish an education trust fund in the treasury. Moneys in such fund shall not be used for any purpose other than to distribute adequate education grants to municipalities' school districts and to approved charter schools pursuant to RSA 198:42, to provide low and moderate income homeowners property tax relief under RSA 198:56-198:61, to distribute school building aid to school districts and approved chartered public schools pursuant to RSA 198:15-b, to distribute tuition and transportation funds to school districts for students attending career and technical education programs pursuant to RSA 188-E:9, to distribute special education aid to school districts pursuant to RSA 186-C:18, to fund department of education operating costs for a state student data collection and reporting system, ***to fund disbursements for school meals under RSA 189:11-a,*** and to fund kindergarten programs as may be determined by the general court

3 Effective Date. This act shall take effect September 1, 2023.

LBA
23-0373
Amended 4/18/23

HB 572-FN- FISCAL NOTE

AS AMENDED BY THE HOUSE (AMENDMENT #2023-0904h)

AN ACT relative to eligibility for free school meals.

FISCAL IMPACT: [X] State [ ] County [X] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Appropriation	$0	State Education Trust Fund (ETF) "Open Warrant"		
Revenue	$0	$0	$0	$0
Expenditures	$0	Significant Increase $50M+ Per Year - ETF Disbursements to Districts $309K+ Per Year - New Staffing Costs		
Funding Source:	[X] General	[X] Education	[ ] Highway	[ ] Other

LOCAL:

Revenue	$0	Significant Increase - Reimbursement Revenue From State ETF
Expenditures	$0	Significant Increase - Mostly Offset by Reimbursement Revenue

METHODOLOGY:

This bill requires that each school board make at least one meal available to a child that qualifies based on a household income less than or equal to 300 percent of the federal poverty guidelines without cost. The implementation of this bill will impact public schools that are currently serving a breakfast and/or lunch meal and increase the number of free meals to students. There will be a fiscal liability for public schools that are currently serving a breakfast and/or lunch meal and there will be a fiscal liability for the state. Ultimately, this bill's fiscal impact in FY 2024 and each year thereafter is indeterminable, however, it is expected to be significant and would be covered in full as this bill includes "open warrant" language for the Department to draw from the education trust fund to make all necessary payments.

The Department of Education has provided the following information, and assumptions, to illustrate the potential fiscal impact of this bill:

- This bill does not specify which meal is to be provided. The cost of a breakfast meal differs from the cost of a lunch meal.

- The USDA income eligibility guidelines for school year 2023-2024 for free meals is 130% of the federal poverty guidelines and the reduced-price meals is 185% of the federal poverty guidelines. Therefore, the state would be required to pay the balance of the reduced-price meals for students qualifying from 131% through 185%, and fully fund the meals for the students qualifying from 186% through 300%. The Department does not know how many students would qualify for the 186% to 300% as this data is not collected.

- Currently, the state pays $0.03 for all breakfast meals served and $0.27 + $0.03 for reduced priced breakfasts served. The federal reimbursement rate is $1.96 for reduced price and $2.26 for free breakfast. The federal reimbursement rate for reduced price lunch is $4.01 and for free lunch is $4.41. The price of a breakfast and lunch meal is determined at the local level.

- Not all schools participate in the National School Lunch Program (NSLP) or School Breakfast Program (SBP), and this bill does not require that they participate. Therefore, the state would be required to pay the cost of the meals for all students that qualify. It is not possible to determine how many students, and how many meals that would result in. There are currently 40 schools that do not participate in the NSLP and SBP.

- Eligibility determinations to participate in the NSLP are currently done at the local level with the F&R applications. The state would be required to develop and implement a new system of accepting applications and making income verifications. It may require the implementation of a database system, and the ability to estimate the cost of the system is indeterminable at this time, as the Department would need to do a request for proposal (RFP) and solicit proposals from qualified vendors to determine how this would be implemented. The Department estimates a minimum of $100,000 for this system development based on costs for similar projects.

- School Breakfast Program (SBP) / National School Lunch Program (NSLP) participation data as of November 2022:
    - Number of schools operating the National School Lunch Program, 456;
    - Number of schools operating NSLP, but not the SBP, 27;
    - Number of public charter schools not operating SBP or NSLP is 34;
    - Number of NH public district schools not operating SBP or NSLP is 6.
    - Thus, approximately 40 public district schools and public charter schools would need to implement a breakfast and lunch program;

- Approximately 27 public district schools and public charter schools would need to add a SBP to their current NSLP.

- The Department anticipates additional costs relative to staffing and administration of the program as there would need to be a new process for eligibility determinations as the current process is under USDA and are done at the local level. The Department estimates it would need at least three (3) new positions to develop a process for eligibility determinations, and then to implement and manage the program. The total estimated cost for these positions is $309,000 in FY 2024, $312,000 in FY 2025, and $324,000 in FY 2026. The Department states it would need to do the following relative to the 67 schools (40 public district and 27 public charter):
  - Work to establish and approve the schools for eligibility operation of federal program.
  - Work to establish additional child nutrition program opportunities for the schools who qualify.
  - Establish the need for Food Service Management or Vended Meal Contract oversight for the schools.
  - Provide additional intensive training, ongoing technical assistance, claiming processing, fiscal management, data collection and reporting, conduct procurement and administrative reviews in accordance state and federal SBP/NSLP guidelines and regulations.

- Under current guidelines for 2023, 300% of the federal poverty rate for a family of four is approximately $90,000 and demographic data in New Hampshire shows that median household income in 2021 was $83,449 (60th percentile, statisticalatlas.com/state/New-Hampshire/Household-Income#figure/household-income-percentiles).

- Relevant 2022-2023 Data:
  - Student Enrollment - 157,388
  - Free/Reduced Eligible - 23.75%
  - Free/Reduced Enrollment - 37,372 students
    - Estimate for 37,372 students lunch cost at a rate of $4.41 per lunch for 180 days is $29,665,894
    - Estimate for 37,372 students breakfast cost at a rate of $2.26 per breakfast for 180 days is $15,202,930

- The Department estimates the total cost of this bill could be more than $50 million per year. Providing a lunch for 60% of the 160,000 students in NH public district and public chartered schools (around 96,000 students at $4.41 per day for 180 days) could potentially cost up to $76 million.

Local School District Expenditures

Using the above assumptions and calculations, the Department states this bill's fiscal impact is indeterminable at the local level, but it is important to highlight there will be a significant amount of work needing to be done in order to make the eligibility determinations and there will definitely be costs incurred at the local level in order to meet the requirements. The local education agencies currently have had significant issues with being able to collect free and reduced applications from families and this will require collecting applications from many more families/students.

AGENCIES CONTACTED:

Department of Education