



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0041 Introduced on January 10, 2017
Author: Shealy
Subject: School Breakfast and Lunch Programs
Requestor: Senate Education
RFA Analyst(s): Shuford and Powell
Impact Date: February 8, 2018 - Updated for revised agency response

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$170,082,000	\$70,082,000
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would increase non-recurring General Fund expenditures by \$100,000,000 in FY 2018-19 for the twenty-five public charter schools that do not have the facilities to provide a breakfast and lunch program. Recurring General Fund expenditures would increase by an additional \$67,922,000 in FY 2018-19 to replace the revenue currently collected by school districts for the existing breakfast and lunch programs. Recurring expenditures for food service staff at the seventeen public charter schools without breakfast or lunch facilities will increase General Fund expenditures by an additional \$2,160,000 including employer fringe in FY 2018-19.

This fiscal impact statement has been updated to reflect the latest available data as of January 2018 and to include potential additional impacts from new charter schools approved to begin operation in FY 2018-19.

Explanation of Fiscal Impact

Introduced on January 10, 2017

Updated for Revised Agency Response

State Expenditure

This bill requires the Department of Education (department) to provide a nutritional, well-balanced school breakfast and lunch program by school year 2018-19. The breakfast and lunch program will be at no cost to the student and the costs shall be borne by the department. The bill also requires the department to provide the funding necessary for schools that lack the equipment and facilities to offer a breakfast and lunch program. The department shall promulgate regulations necessary to implement these provisions.

Department of Education. The department indicates that current revenue collections for the existing school district breakfast and lunch programs amount to \$67,922,000. The department would bear these costs in FY 2018-19, and this would increase General Fund expenditures by \$67,922,000 in FY 2018-19. The expenditure impact of the bill may increase in future years as incentives for parents to apply for free or reduced price lunches pursuant to the National School Lunch Program administered by U.S. Department of Agriculture will be reduced. Since all students are eligible for free breakfast and lunch under the bill without application to the federal program, parents will be less willing to fill out additional paperwork to apply for the federal program. This change in incentives will not affect the parents in the thirty-five school districts with 100% participation in the Community Eligibility Provision. School districts under the National School Lunch Program received approximately \$285,500,000 in FY 2016-17.

The bill obliges the department to fund the additional expenditures necessary to provide the breakfast and lunch program for schools in which the acquisition of equipment and facilities would cause an extreme hardship. The department indicates that twenty-five public charter schools do not have the facilities to provide a breakfast and lunch program. Seventeen of these schools are currently in operation and eight of these schools are scheduled to open in FY 2018-19. Based on recent school constructions costs, department expenditures for equipment and facilities may amount to \$4,000,000 per school. This would increase General Fund expenditures by \$100,000,000 in FY 2018-19. Additional school food programs may also be eligible to receive facility or equipment assistance. Subsequent regulations promulgated by the department will govern the eligibility of all schools seeking equipment and facility assistance.

Adding breakfast and lunch programs to the twenty-five public charter schools without facilities will require additional expenditures for staff. These schools serve 8,163 students, which amounts to 16,326 meals per day. We estimate that six hours of staff time per day at an hourly rate of \$10.50 for the 180 school days would increase General Fund expenditures by \$2,160,000 including employer fringe in FY 2018-19.

This fiscal impact statement has been updated to reflect the latest available data as of January 2018 and to include potential additional impacts from new charter schools approved to begin operation in FY 2018-19.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 10, 2017

State Expenditure

This bill requires the Department of Education (department) to provide a nutritional, well-balanced school breakfast and lunch program by school year 2018-19. The breakfast and lunch program will be at no cost to the student and the costs shall be borne by the department. The bill also requires the department to provide the funding necessary for schools that lack the equipment and facilities to offer a breakfast and lunch program. The department shall promulgate regulations necessary to implement these provisions.

Department of Education. The department indicates that current revenue collections for the existing school district breakfast and lunch programs amount to \$67,722,000. The department would bear these costs in FY 2018-19, and this would increase General Fund expenditures by \$67,722,000 in FY 2018-19. The expenditure impact of the bill may increase in future years as incentives for parents to apply for free or reduced price lunches pursuant to the National School Lunch Program administered by U.S. Department of Agriculture will be reduced. Since all students are eligible for free breakfast and lunch under the bill without application to the federal program, parents will be less willing to fill out additional paperwork to apply for the federal program. This change in incentives will not affect the parents in the twenty-nine school districts with 100% participation in the Community Eligibility Provision. School districts under the National School Lunch Program received \$279,420,000 in FY 2015-16.

The bill obliges the department to fund the additional expenditures necessary to provide the breakfast and lunch program for schools in which the acquisition of equipment and facilities would cause an extreme hardship. The department indicates that seventeen public charter schools do not have the facilities to provide a breakfast and lunch program. Based on recent school constructions costs, department expenditures for equipment and facilities may amount to \$4,000,000 per school. This would increase General Fund expenditures by \$68,000,000 beginning in FY 2017-18. Additional school food programs may also be eligible to receive facility or equipment assistance. Subsequent regulations promulgated by the department will govern the eligibility of all schools seeking equipment and facility assistance.

Adding breakfast and lunch programs to the seventeen public charter schools without facilities will require additional expenditures for staff. These schools serve 6,343 students, which amounts to 12,686 meals per day. We estimate that six hours of staff time per day at an hourly rate of \$10.50 for the 180 school days would increase General Fund expenditures by \$1,758,000 including employer fringe in FY 2018-19.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director