

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0550	Date: February 3, 2014
Prime Sponsor(s): Rep. Moreno Sen. Ulibarri	Bill Status: House Education
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SHORT TITLE: ELIGIBILITY AGE SCHOOL LUNCH PROTECTION PROGRAM

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	<u>\$2,378,280</u>	<u>\$2,376,202</u>
General Fund	2,373,280	2,370,888
Centrally Appropriated Costs**	5,000	5,314
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$2,373,280 General Fund - Colorado Department of Education (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

Under current law, the Colorado Department of Education (CDE) administers the Child Nutrition School Lunch Protection Program. The protection program provides funding to public and nonprofit elementary schools to eliminate the reduced-price paid by students enrolled in state-subsidized early childhood education centers, and by kindergarten through second grade students participating in the school lunch program under the federal National School Lunch Act. Currently, the annual appropriation for the program is limited to not more than \$1.5 million. This bill expands eligible grade levels from second to twelfth grade, and increases the maximum allowable state appropriation from \$1.5 million to \$3.5 million.

Background

The National School Lunch Program is a federally assisted meal program operating in public and nonprofit schools. At the state level, the program is administered by the CDE via agreements with school food authorities. Districts and independent schools that choose to take part in the program receive cash subsidies and U.S. Department of Agriculture (USDA) foods for each meal served. In return, schools must serve lunches that meet federal requirements, and offer free or reduced-price lunches to eligible children.

State Expenditures

By expanding program eligibility for all K-12 students, this bill increases state expenditures by \$2,378,280 and 0.5 FTE in FY 2014-15. For FY 2015-16, increased expenses are \$2,376,202 and 0.5 FTE.

Table 1. Expenditures Under HB 14-1156		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$39,060	\$39,060
FTE	0.5	0.5
Operating Expenses and Capital Outlay Costs	4,867	2,475
School Lunch Payments	2,329,353	2,329,353
Centrally Appropriated Costs*	5,000	5,314
TOTAL	\$2,378,280	\$2,376,202

* Centrally appropriated costs are not included in the bill's appropriation.

Program administration. The CDE requires the addition of 0.5 FTE senior consultant to provide technical assistance to school food authorities, and to implement the expanded program. This workload is estimated based on the level of effort required to provide adequate technical support to districts under current law. New staff will provide professional development and technical assistance to professionals in the field and process an increased number of claims for reimbursement. Training will be required throughout the state, so travel expenses are required to assist the CDE with outreach and communication.

Expanded eligibility. Under current law, only students in kindergarten through second grade are eligible for state subsidies to districts through the National School Lunch Program. As of the 2012-13 school year, there were 15,601 eligible students in public kindergarten through second grade. Of this amount, roughly 69.5 percent or 10,850 students participated in the program. The state school lunch protection program served approximately 1,785,307 reduced price meals to these students, and reimbursed school lunch authorities approximately \$714,123 (1,785,307 lunches X \$0.40 = \$714,123).

Assuming an annual program participation growth of 2.5 percent, if the state expands eligibility for all students through twelfth grade, the state can anticipate approximately 63,938 eligible K-12 students in FY 2014-15. Assuming similar participation rates, as many as 44,757 students will participate, receiving approximately 7,608,690 reduced price lunches. If the state reimburses each school lunch authority for \$0.40 per lunch, total expenses for the program are \$3,043,476, or an increase of \$2,329,353 (\$3,043,476 - \$714,123 = \$2,329,353).

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 14-1156*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,287	\$2,287
Supplemental Employee Retirement Payments	2,713	3,027
TOTAL	\$5,000	\$5,314

*More information is available at: <http://colorado.gov/fiscalnotes>

School District Impact

School districts that participate in the National School Lunch Program will be eligible to receive increased payments from the State Lunch Protection Program.

Under current law, school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2014-15, this bill requires an appropriation of \$2,373,280 General Fund and 0.5 FTE to the Colorado Department of Education.

State and Local Government Contacts

Education