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**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**BILL ANALYSIS**  
**54th Legislature, 2nd Session, 2020**

<b>Bill Number</b>	<u>HB10/aHAFC</u>	<b>Sponsor</b>	<u>Madrid/Stansbury</u>
<b>Tracking Number</b>	<u>.216567.2GLG</u>	<b>Committee Referrals</b>	<u>HEC/HAFC;SEC</u>
<b>Short Title</b>	<u>No Reduced School Meal Copayments</u>		
<b>Analyst</b>	<u>Waite</u>	<b>Original Date</b>	<u>2/4/2020</u>
		<b>Last Updated</b>	<u>2/19/2020</u>

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**BILL SUMMARY**

Synopsis of HAFC Amendment

House Appropriations and Finance Committee amendment to House Bill 10 (HB10/aHAFC) struck the \$650 thousand appropriation from the general fund.

Synopsis of Original Bill

House Bill 10 (HB10) creates a new section of the Public School Code to eliminate student copayments for reduced-fee meals. HB10 also makes an appropriation of \$650 thousand from the general fund to the Public Education Department (PED) to cover the cost of eliminating reduced-fee copayments for public school meal programs. The provisions of this act would apply to the 2020-2021 and subsequent school years, but the appropriation is only for FY21.

**FISCAL IMPACT**

In FY20, schools were reimbursed at a rate of \$3.01 per reduced-fee lunch and \$1.54 per reduced-fee breakfast. Schools may charge students a fee of no more than \$0.40 for lunch and \$0.30 for breakfast. HB10/aHAFC is intended to eliminate these student fees statewide. Reduced-fee meals are meals that meet the nutritional standards of the National School Lunch Program and the School Breakfast Program and are served to children with a household income between 130 and 185 percent of the poverty line. Meals are served for free to students in households at greater than 185 percent of the poverty line.

PED analysis reports that during the 2018-2019 school year, the cost – excluding indirect costs – of copayments for reduced-fee breakfast and lunch was \$621 thousand. While \$650 thousand is a reasonable estimate based on FY19 actual costs, those costs do not account for the Legislature’s expansion of K-5 Plus and extended learning time programs in FY20. LESC staff estimate the cost could reach \$775 thousand based on on FY20 instructional days. However, the maximum cost of the bill could be as high as \$1.4 million if every single student eligible for reduced-fee meals ate breakfast and lunch every day they attended school.

## **SUBSTANTIVE ISSUES**

The Senate Finance Committee Amendment to the House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (HB2/HAFCS/aSFC) contains an appropriation of \$650 thousand from the general fund for school lunch copayments. HB2/HAFCS/aSFC also contains an appropriation of \$1.6 million for breakfast for elementary students.

**Free and Reduced-Fee Meal Reimbursements.** HB10/aHAFC could remove a barrier to nutrition access by eliminating the student copayments associated with reduced-fee meals. Schools would still be reimbursed from the federal government at the reduced-fee meal rate, while covering the remaining cost. To cover the gap in revenue, HB10/aHAFC proposes that PED provide funding to schools on a per-meal basis at the difference between the federal free meal rate and the reduced-fee copayment rate.

New Mexico has already committed to providing meals to students who cannot pay, as stated in the 2017 New Mexico Hunger-Free Students' Bill of Rights. A section of this law instructs schools to provide meals to students when requested. The student's family does incur debt for unpaid meals, however. Schools may hire a debt collection agency to collect meal debt, but cannot require a parent or guardian to pay associated fees. When a student has requested, but not paid for, five or more meals, school administrators are instructed to check state lists to determine if a student is categorically eligible for free meals; make at least two attempts (not including the application in the school enrollment packet) to reach the student's parent or guardian to have the parent or guardian fill out a meal application; and contact the parent or guardian to offer assistance with a meal application, determine if there is another cause for the student to have insufficient funds, and offer any other assistance that is appropriate.

**Community Eligibility Provision.** In order to expand access to nutritional school meals and help reduce administrative burden, the federal Healthy, Hunger-Free Kids Act of 2010 – a reauthorization of child nutrition programs – included a new Community Eligibility Provision (CEP). CEP makes it possible for a school or district to offer meals to all students free of charge. Schools that adopt CEP are reimbursed using a formula based on the percentage of students who are categorically eligible for free and reduced-fee meals. To participate, schools must have an Identified Student Percentage (ISP) of categorically eligible students of at least 40 percent. School districts are required to cover the remaining cost of providing all meals after the federal reimbursement. According to the PED data from the 2018-2019 school year, 70 percent of Local Education Agencies (LEAs) in New Mexico are participating in the CEP (approximately 91 percent of all eligible LEAs).

## **ADMINISTRATIVE IMPLICATIONS**

PED is instructed to promulgate rules necessary to implement the provisions outlined in this bill, including procedures for reimbursing school districts and charter schools. PED will be required to notify school districts and charter schools of the reimbursement amounts by August 1, of each year.

## **RELATED BILLS**

Relates to SB10, Free and Reduced-Fee Meal Applications, which requires parents/guardians to complete a Free and Reduced-Fee Meal application at the time of enrollment.

**SOURCES OF INFORMATION**

- LESC Files
- Public Education Department (PED)

**JLW/tb/mc/sgs**