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FISCAL IMPACT REPORT

SPONSOR Stefanics ORIGINAL DATE 2/16/17
LAST UPDATED _____ HB _____

SHORT TITLE Charter School Free & Reduced Meals SB 346

ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB208, SB379

SOURCES OF INFORMATION

LFC Files

Legislative Education Study Committee (LESC) Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 346 amends the Public School Code, requiring all locally- and state-chartered charter schools to determine if the school meets guidelines for school-wide participation in the federal National School Lunch program (NSLP) and, if eligible, to provide breakfast and lunch to all students who choose to participate.

FISCAL IMPLICATIONS

The bill does not make an appropriation. Additional costs would be covered by charter schools and PED depending on the number of students participating, pricing rates for participating students, and administrative or procurement costs for operating a food service program. PED notes approximately two-thirds of all charter schools (61 out of 96) in New Mexico already participate in the NSLP and school breakfast program (SBP) and reasons for non-participation vary, including some charter schools lacking capacity to provide food services or electing to provide food services outside the NSLP requirements.

SIGNIFICANT ISSUES

PED notes NSLP is a voluntary program available to all public schools, private schools, and residential child care institutions, which agree to operate a non-profit program, offering lunches that meet federal requirements to all children in attendance. According to PED, mandating the program may be problematic and violate federal guidelines. Through NSLP, public and non-profit private schools, preprimary classes in schools, and residential child care institutions receive cash reimbursement for each meal served. The sponsors of the program must:

- Serve meals that meet federal requirements;
- Operate a non-profit program;
- Offer free or reduced-price meals to eligible children based on household income;
- Not identify nor discriminate against any eligible student; and
- Operate food service for all students without regard to race, color, national origin, sex, age, or disability.

School food authorities (SFA) that participate in an NSLP are not required to serve both breakfast and lunch, unless they participate in the Community Eligibility Provision (CEP). The CEP is a key provision of 2010 federal Healthy and Hunger Free Kids Act, allowing the nation's highest poverty schools and districts to serve breakfast and lunch at no cost to all enrolled students without the burden of collecting household applications. Schools that adopt CEP are reimbursed using a formula based on the percentage of students participating in other specific means-tested programs, such as the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF).

Reimbursable rates, per meal, are set by the U.S. Department of Agriculture (USDA) for paid, reduced-price, and free meals. Reimbursements are significantly less for a paid meal as opposed to a free meal. The charter school would need to work with PED on completing a paid lunch equity tool, ascertaining costs, determining operational balances after costs, and setting initial costs for meals to determine if the charter school should operate a food service program within the school or contract with a food service management company.

Federal regulations require SFAs participating in NSLP to ensure that sufficient funds are provided to the nonprofit school food service account for meals served to students not eligible for free or reduced price meals. If a charter school could not ensure sufficient funds, then PED would need to allow an exemption as required by the bill's provision despite the charter school's ineligibility. Federal guidelines also require SFAs to implement and maintain a system to issue benefits and to update the eligibility of children approved for free or reduced price lunches and meal supplements. PED notes the costs associated with implementing and maintaining a system to provide breakfast and lunch to all students who choose to participate in the NSLP cannot be quantified.

According to the New Mexico No Kid Hungry campaign, hungry children have trouble concentrating, get more headaches and infections, are more likely to be hospitalized and are less likely to perform well on athletic fields and in classrooms. In FY17, school meal options available to New Mexico students in public, charter, private, parochial, and Bureau of Indian Education schools included approximately \$160 million in federal funds and approximately \$2 million in state funds to support breakfast before and after the bell, school breakfast programs, national school lunch programs, fresh fruits and vegetables, and afterschool snacks. Additionally, the New Mexico Children, Youth, and Families Department offers the availability of afterschool dinner to eligible schools.

ADMINISTRATIVE IMPLICATIONS

PED would need to enter into an agreement with the local or state-chartered charter schools currently not participating in the NSLP, allow the school(s) to become school food authorities, review any requests for proposals created, provide flow through funding for the NSLP, monitor reimbursement requests, and conduct administrative and procurement reviews of these schools.

RELATIONSHIP

This bill relates to HB208 and SB379, which allocate funding to PED for the New Mexico-grown fresh fruits and vegetables program.

OTHER SUBSTANTIVE ISSUES

Currently, 237 elementary schools in New Mexico participate in the Breakfast for Elementary Students Program. About 71 percent of eligible schools serve breakfast to 78 thousand elementary school students. Under the federal National School Lunch Act of 1946, elementary schools with 85 percent or more enrolled students eligible for free or reduced price lunch (FRL) must implement a school breakfast program, and New Mexico Laws 2011, Chapter 35, amended the Public School Code, establishing a school breakfast program to provide free breakfast to elementary students after school begins. The enactment of the federal Healthy, Hunger-Free Kids Act of 2010 created new school meal programs during the 2016-2017 school year, so additional schools below the 85 percent FRL threshold were provided funding. According to the Food Research and Action Center, New Mexico consistently ranks second in the nation for low-income student participation in school breakfast programs.

PED notes the bill refers to the federal NSLP but not the federal school breakfast program. The School Breakfast Program (SBP) provides cash assistance to states to operate nonprofit breakfast programs in schools and residential childcare institutions. The USDA Food and Nutrition Services administer the SBP at the federal level. State education agencies administer the SBP at the state level, and local school food authorities operate the program in schools. The bill does not refer to guidelines or meeting eligibility in relation to the SBP.

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