

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7237

BILL NUMBER: HB 1581

NOTE PREPARED: Feb 7, 2005

BILL AMENDED:

SUBJECT: School Breakfast Program.

FIRST AUTHOR: Rep. Day

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires a school corporation to implement a breakfast program at a school building if at least 15% (rather than 25%) of the students enrolled at that school building during the prior school year qualified for free or reduced price lunches under federal guidelines.

Effective Date: July 1, 2004.

Explanation of State Expenditures: (Revised) *Summary:* Under current law, a school building that has 25% of enrollment in the free or reduced price school lunch program is required to implement a school breakfast program. Under current law, the Department of Education is required to implement and process all applications for a school corporation to the federal government for school breakfast reimbursement. The Department may require reviews of additional schools that were to implement a breakfast programs under the bill. However, it is likely the Department would be able to accommodate this provision within existing staff and resources.

Background: As of September 7, 2004, the Department of Education had 263 full-time staff members. For FY 2005, the Department has 272 budgeted full-time positions, 10 budgeted temporary positions, and 36 budgeted intermittent positions. The Department reverted \$4.3 M to the state General Fund in FY 2004.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Summary:* As of October 2004, approximately 133 school buildings currently did not offer school breakfasts that were at or above the 15% and below the 25% lunch participation rate. These additional buildings would be required to offer the breakfast program under the bill.

Currently, the federal government reimburses school lunch and breakfast programs at the cost to provide the meals to students.

Background Information: According to Department of Education statistics, 1,542 school buildings and school corporation-designated sites participated in the school breakfast program as of January 4, 2005.

The federal government reimburses school lunch and breakfast programs at the cost to provide the meals to students. Current rates of reimbursement (July 1, 2004, to June 30, 2005) for the school breakfast program from the federal government are as follows.

School Breakfast Program	(Non-Severe Need) Rates	(Severe Need) Rates
Paid	\$0.23	\$0.23
Reduced Price	\$0.93	\$1.17
Free	\$1.23	\$1.47

It is estimated that the 133 additional schools that would be required to enter the school breakfast program under the bill would generate approximately 126,500 breakfasts per day. The estimates on the cost to provide the additional breakfasts for one school year (180 days of instruction) are provided in the following table, which illustrates the **federal** impact to reimburse at the Non-severe need rates.

School Breakfast Type	Estimated Additional Breakfasts (Under the bill)	Estimated Annual Federal Reimbursement (180 school days)
Paid	61,870	$61,870 * \$0.23 * 180 = \2.6 M
Reduced Price	12,910	$12,910 * \$0.93 * 180 = \2.2 M
Free	51,720	$51,720 * \$1.23 * 180 = \11.5 M
Total Estimate	126,500	\$16.3 M
*Note: Totals may not add precisely due to rounding.		

Secondary Impact: The above estimates assume the reimbursement would cover the cost of the additional breakfasts. However, it is unknown if schools that currently do not have a breakfast program but have a free lunch participation rate of 15%, would have other costs for food preparation staff and materials, or need staff to supervise students.

Explanation of Local Revenues: The additional schools, under the bill, would be able to apply for reimbursement via the Department of Education for the cost to provide the breakfasts at the federal reimbursement rate.

State Agencies Affected: Department of Education.

Local Agencies Affected: School corporations.

Information Sources: Department of Education: Mike Gill, Director School and Community Nutrition Programs, John Todd, School and Community Nutrition Programs; SAS and ORACLE DATABASES, www.doe.state.in.us/food/schoolnutrition/04-05reimbrates.html; State of Indiana *HRM Detail Staffing Report 9/07/2004*; Indiana State Budget Agency: BUDSTARS, Close-out summary FY 2004.

Fiscal Analyst: Chris Baker, 317-232-9851.