



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 3319 Introduced on January 12, 2021
Author: King
Subject: Free and Reduced Lunch Students
Requestor: House Education and Public Works
RFA Analyst(s): Wren
Impact Date: March 22, 2021 Updated for Additional Agency Response

Fiscal Impact Summary

This bill requires students who are eligible for free and reduced meal benefits to receive the same federally reimbursable meal as students not eligible for free and reduced meals. The bill also requires the State Department of Education (SDE) to develop and provide a model policy and template regarding the collection of school meal debt to each school district.

This bill will have no expenditure impact on SDE since the agency can accomplish the requirements of the bill within the normal course of business.

This bill is not expected to have an expenditure impact on the state agency schools since the agencies indicate that student meals are not connected to federal funding, students are not charged for meals, or meals are included in the enrollment process.

The overall expenditure impact of this bill on local school districts is undetermined. SDE surveyed the seventy-nine regular school districts and the two charter school districts regarding the expenditure impact of this bill and received responses from twenty-two districts. Of the responding districts, eleven indicate that the bill will have no impact since they are currently practicing the provisions introduced in the bill. Eight of the responding districts indicate that the bill could increase expenses by a range of \$3,000 to \$2,300,000 per district if districts are not allowed to collect student meal debt. Several of these eight districts also indicate that the intent of the bill is unclear on whether districts will still be able to collect meal debt for students who pay for full price meals and have therefore included the non-collection of full price meals in their responses. Two of the responding districts indicate that the bill could have a significant impact but could not determine an amount at this time, and the last responding district indicates that it is still trying to determine the overall impact. Due to the varying responses from the responding districts, the expenditure impact of the bill on local school districts is undetermined.

This impact statement has been updated to include a response from SDE in the state expenditure and local expenditure sections.

Explanation of Fiscal Impact

Updated for Additional Agency Response on March 19, 2021

Introduced on January 12, 2021

State Expenditure

This bill requires students who are eligible for free and reduced meal benefits to receive the same federally reimbursable meal as students not eligible for free and reduced meals as prescribed in 7 C.F.R. Part 215 and the Special Milk Program. Federally reimbursable meals must be offered even if the student owes money for previous meals. Schools that offer food and beverages separately from federally reimbursable meals may not allow students to accrue a balance when purchasing items and may only accept cash or allow funds to be electronically drawn from a prepaid balance. Schools or districts may not penalize students for failing to pay for a school lunch. These penalties include, but are not limited to, prohibiting students from attending field trips, participating in graduation or other recognition ceremonies, or attending other academically related activities. Further, SDE must develop and provide a model policy and template regarding the collection of school meal debt to each school district.

State Department of Education. SDE indicates that the agency can accomplish the requirements of the bill within the normal course of business. Therefore, this bill will have no expenditure impact on the agency. This section of the impact statement has been updated to include a response from SDE.

State Agency Schools. The Governor's School for the Arts and Humanities indicates that the agency contracts with Aramark to provide meal service to its students. This meal service is not supported by federal funds. The Governor's School for Science and Mathematics indicates that the agency does not accept federal reimbursement for student meals and is reimbursed by its foundation for any needs-based student. The Governor's School for Agriculture at John de la Howe indicates that the bill would have no expenditure impact. The School for the Deaf and Blind indicates that it does not charge students for meals. The Wil Lou Gray Opportunity School indicates that students receive meals as part of the enrollment process. Therefore, we do not expect this bill will have an expenditure impact on the state agency schools.

State Revenue

N/A

Local Expenditure

This bill requires students who are eligible for free and reduced meal benefits to receive the same federally reimbursable meal as students not eligible for free and reduced meals as prescribed in 7 C.F.R. Part 215 and the Special Milk Program. Federally reimbursable meals must be offered even if the student owes money for previous meals. Schools that offer food and beverages separately from federally reimbursable meals may not allow students to accrue a balance when purchasing items and may only accept cash or allow funds to be electronically drawn from a prepaid balance. Schools or districts may not penalize students for failing to pay for a school lunch. These penalties include, but are not limited to, prohibiting students from attending field trips, participating in graduation or other recognition ceremonies, or attending other

academically related activities. Further, SDE must develop and provide a model policy and template regarding the collection of school meal debt to each school district.

SDE surveyed the seventy-nine regular school districts and the two charter school districts regarding the expenditure impact of this bill and received responses from twenty-two districts. Of the responding districts, eleven indicate that the bill will have no impact since they are currently practicing the provisions introduced in the bill. Eight of the responding districts indicate that the bill could increase expenses by a range of \$3,000 to \$2,300,000 per district if districts are not allowed to collect student meal debt. Several of these eight districts also indicate that the intent of the bill is unclear on whether districts will still be able to collect meal debt for students who pay for full price meals and have therefore included the non-collection of full price meals in their responses. Also, two of the responding districts indicate that the bill could have a significant impact but could not determine an amount at this time. The last responding district indicates that it is still trying to determine the overall impact. Further, several districts expressed a concern that the expenditure impact could increase significantly in future years as parents and guardians would have no incentive to submit an application for free or reduced meals or to pay meal debt. Additionally, SDE indicates that since Federal Funds cannot be used to offset student meal debt and state funds are not allocated for this purpose, districts must use their General Funds to cover this debt. Due to the varying responses from the responding districts, the expenditure impact of the bill on local school districts is undetermined. This section of the impact statement has been updated to include a response from SDE.

Local Revenue

N/A

Introduced on January 12, 2021

State Expenditure

This bill requires students who are eligible for free and reduced meal benefits to receive the same federally reimbursable meal as students not eligible for free and reduced meals as prescribed in 7 C.F.R. Part 215 and the Special Milk Program. Federally reimbursable meals must be offered even if the student owes money for previous meals. Schools that offer food and beverages separately from federally reimbursable meals may not allow students to accrue a balance when purchasing items and may only accept cash or allow funds to be electronically drawn from a prepaid balance. Schools or districts may not penalize students for failing to pay for a school lunch. These penalties include, but are not limited to, prohibiting students from attending field trips, participating in graduation or other recognition ceremonies, or attending other academically related activities. Further, SDE must develop and provide a model policy and template regarding the collection of school meal debt to each school district.

State Department of Education. The expenditure impact of this bill on SDE is pending, contingent upon a response from the agency.

State Agency Schools. The Governor's School for the Arts and Humanities indicates that the agency contracts with Aramark to provide meal service to its students and the program is not connected to federal funding. The Governor's School for Science and Mathematics indicates

that the agency does not accept federal reimbursement for student meals and is reimbursed by its foundation for any needs-based student. The Governor's School for Agriculture at John de la Howe indicates that the bill would have no expenditure impact. The School for the Deaf and Blind indicates that it does not charge students for meals. The Wil Lou Gray Opportunity School indicates that students receive meals as part of the enrollment process. Therefore, we do not expect this bill will have an expenditure impact on the state agency schools.

State Revenue

N/A

Local Expenditure

This bill requires students who are eligible for free and reduced meal benefits to receive the same federally reimbursable meal as students not eligible for free and reduced meals as prescribed in 7 C.F.R. Part 215 and the Special Milk Program. Federally reimbursable meals must be offered even if the student owes money for previous meals. Schools that offer food and beverages separately from federally reimbursable meals may not allow students to accrue a balance when purchasing items and may only accept cash or allow funds to be electronically drawn from a prepaid balance. Schools or districts may not penalize students for failing to pay for a school lunch. These penalties include, but are not limited to, prohibiting students from attending field trips, participating in graduation or other recognition ceremonies, or attending other academically related activities. Further, SDE must develop and provide a model policy and template regarding the collection of school meal debt to each school district.

The expenditure impact on local school districts is pending, contingent upon a response from SDE.

Local Revenue

N/A



Frank A. Rainwater, Executive Director