



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0148 Introduced on January 10, 2023
Author: Gilliam
Subject: Free School Meals
Requestor: Senate Education
RFA Analyst(s): Bryant
Impact Date: March 2, 2023

Fiscal Impact Summary

This bill requires schools participating in the School Breakfast Program to provide breakfast and lunch without charge to all enrolled students. The bill also requires schools to provide thirty-minute lunch periods.

This bill will increase expenses for the S.C. Department of Education (SCDE) by an amount up to \$192,362,000 each year beginning in FY 2023-24 to provide breakfast and lunch without charge to all enrolled students. If schools that are currently eligible to participate in the Community Eligibility Program (CEP) but have not done so are required to participate in CEP, the bill will increase SCDE's expenses by an amount up to \$160,900,000, as federal funds for CEP will cover a portion of the total cost. However, expenses will vary depending on the number of students choosing to participate in the School Breakfast Program and National School Lunch Program and the number of schools eligible to participate in CEP each school year.

This bill will have no expenditure impact on the state agency schools since the schools currently provide free meals to students, do not participate in the School Breakfast Program, or can manage any additional costs within existing appropriations.

The overall expenditure impact of this bill on the local school districts is undetermined and will vary widely by district. SCDE surveyed the seventy-three regular school districts and the three charter districts regarding the expenditure impact of this bill and received responses from thirty-four districts. Of the responding districts, seven indicate that the bill will have no expenditure impact as the districts already provide free breakfast and lunch to all enrolled students. For districts that do not currently provide free breakfast and lunch, many note that the difference between the cost of providing meals and the state reimbursement rate will increase, which will increase the districts' costs. Providing free meals may also impact overall participation in the program. Some districts note that participation increased during the pandemic when all meals were provided free of charge. Additionally, some districts may incur costs for personnel to handle the increase in meal participation. The range of costs varies widely by district depending on the cost of the meal program, size of the district, and current meal program reimbursements. The estimated impact for implementing the changes in the meal programs ranges up to an additional \$8,190,000 in costs based on the difference between the current free rate and the full payment rate. Districts also note that USDA guidelines currently allow for the meal period to be

between 10 am and 2 pm. Shortening the lunch period to 11 am to 2 pm may require additional staff in order to serve a larger number of students in a shorter time frame or to accommodate the required thirty-minute lunch period. Districts also note that current cafeteria facilities may not be able to accommodate all students in the shorter time frame.

The overall revenue impact on local school districts is undetermined and will vary by district. The impact will depend on the number of students choosing to participate in the School Breakfast Program and National School Lunch Program and the level of additional funding provided by the state relative to the current student fees charged.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill requires schools participating in the School Breakfast Program authorized under the Child Nutrition Act of 1966 (42 U.S.C. 1773) to provide breakfast and lunch without charge to all enrolled students. The bill also provides that eligible schools, defined as those schools that participate in CEP authorized under the Richard B. Russell National School Lunch Act (42 U.S.C. 1759(a)(1)(F)), will receive additional funding in the general appropriations act to support their school meal operations. The bill further provides that SCDE will reimburse eligible schools the difference between the federal free reimbursement rate established annually by the United States Department of Agriculture for school breakfast and for school lunch, and the federal reimbursement rate received for each school breakfast and school lunch served.

Additionally, this bill requires schools to provide thirty-minute lunch periods scheduled between 11:00 a.m. and 2:00 p.m. The bill specifies that while exemptions may apply for shortened days, schools must make every effort to provide meals on shortened days if feasible.

S.C. Department of Education. This bill will increase expenses for SCDE by an amount up to \$192,362,000 each year beginning in FY 2023-24 to provide breakfast and lunch without charge to all enrolled students. If schools that are currently eligible to participate in CEP but have not done so are required to participate in CEP, this bill will increase the agency's expenses by an amount up to \$160,900,000 each year beginning in FY 2023-24. However, expenses will vary depending on the number of students who choose to participate in the School Breakfast Program and National School Lunch Program and the number of schools eligible to participate in CEP each school year.

State Agency Schools. This bill will have no expenditure impact on the state agency schools since the schools currently provide free meals for students, do not participate in the School Breakfast Program, or can manage any additional costs within existing appropriations. The Governor's School for Agriculture at John de la Howe indicates that the bill will have no expenditure impact since any additional costs can be managed within existing appropriations. The Governor's School for the Arts and Humanities indicates that the bill will have no expenditure impact as the school does not participate in the School Breakfast Program and students currently have a minimum of thirty minutes for the lunch meal. The agency further

indicates that their foundation provides funding for 95 percent of the students who cannot afford the meal plan, and the agency currently subsidizes the remaining balance with existing appropriations. The Governor's School for Science and Mathematics indicates that this bill will have no expenditure impact as the agency does not participate in the School Breakfast Program and its lunch period already satisfies the requirements of the bill. The School for the Deaf and Blind indicates that this bill will have no expenditure impact since the school currently provides free breakfast, lunch, and dinner to students. The Wil Lou Gray Opportunity School reports that the agency currently provides free meals to its students.

State Revenue

N/A

Local Expenditure

This bill requires schools participating in the School Breakfast Program to provide breakfast and lunch without charge to all enrolled students. The bill also requires schools to provide thirty-minute lunch periods to all students.

The overall expenditure impact of this bill on the local school districts is undetermined and will vary widely by district. SCDE surveyed the seventy-three regular school districts and the three charter districts regarding the expenditure impact of this bill and received responses from thirty-four districts. Of the responding districts, seven indicate that the bill will have no expenditure impact as the districts already provide free breakfast and lunch to all enrolled students. For districts that do not currently provide free breakfast and lunch, many note that the difference between the cost of providing meals and the state reimbursement rate will increase, which will increase the districts' costs. Providing free meals may also impact overall participation in the program. Some districts note that participation increased during the pandemic when all meals were provided free of charge. Some districts may also incur costs for personnel to handle the increase in participation. The range of costs varies widely by district depending on the cost of the meal program, size of the district, and current meal program reimbursements. Several of these districts anticipate the need to hire additional food service and custodial staff, purchase portable food service stations, and/or provide to-go containers or pre-packaged food for students in order to satisfy the requirements of the bill. The estimated impact for implementing the changes in the meal programs range up to an additional \$8,190,000 in costs based on the difference between the current free rate and the full payment rate. Districts also note that USDA guidelines currently allow for the meal period to be between 10 am and 2 pm. Shortening the lunch period to 11 am to 2 pm may require additional staff in order to serve a larger number of students in a shorter time frame or to accommodate the required thirty-minute lunch period. Some districts note that their cafeteria facilities cannot accommodate the number of students that would need to be served within the window of time allowed, which would further impact expenses if schools must find alternative solutions or expand facilities.

Local Revenue

This bill specifies that eligible schools that offer school breakfast and school lunch to all students without charge will receive additional funding in the general appropriations act to support their school meals operations. Additionally, the bill requires SCDE to reimburse eligible schools the

difference between the federal free reimbursement rate established annually by the United States Department of Agriculture for school breakfast and for school lunch, and the federal reimbursement rate received for each school breakfast and school lunch served. The overall revenue impact on local school districts is undetermined and will vary by district. The impact will depend on the number of students choosing to participate in the School Breakfast Program and National School Lunch Program and the level of additional funding provided by the state.



Frank A. Rainwater, Executive Director