



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. 4339	Introduced on April 9, 2025
Subject:	South Carolina Healthy School Meals Act	
Requestor:	House Education and Public Works	
RFA Analyst(s):	Bryant	
Impact Date:	April 22, 2025	

Fiscal Impact Summary

This bill prohibits any public school participating in a federally funded or assisted meal program from serving, selling, or allowing a third party to sell ultraprocessed food on school premises during the academic school year beginning July 1, 2027. The bill specifies that the S.C. Department of Education (SCDE) must oversee implementation and ensure compliance with the provisions of the bill. Additionally, SCDE must consult with the Department of Agriculture every five years to review scientific evidence and international regulations to determine if additional additives should be prohibited. The bill also establishes compliance procedures and enforcement mechanisms.

SCDE indicates that this bill will increase expenses by an amount up to \$93,750 per year beginning in FY 2025-26. Of this amount, \$78,750 is for 1.0 FTE (registered dietitian) including annual salary and fringe benefits, and \$15,000 is for training and travel. SCDE will request a General Fund appropriation increase to cover the cost of the new FTE and training and travel expenses.

The expenditure impact of this bill on the Department of Agriculture is undetermined at this time. The Department of Agriculture indicates that depending upon the workload and what SCDE requests their consultation on, the department may need to hire scientists or legal consultants who specialize in food additive ingredients to assist in reviewing scientific evidence and international regulations and providing guidance.

The overall expenditure impact of this bill on state agency schools will vary. The Governor's School for Agriculture at John de la Howe indicates that the agency will have to work with its food vendor to ensure the products purchased do not have additives. The agency anticipates this will make purchasing food more costly but reports the cost is currently undetermined. The Governor's School for the Arts and Humanities (GSAH) does not anticipate any fiscal impact. However, GSAH indicates that prohibiting the use of food additives in school meals will require a state contract change with its food vendor, which does not expire for three more years, as well as an addendum to the contract. The Governor's School for Science and Mathematics (GSSM) reports that compliance with the proposed legislation will require a custom contract modification to eliminate foods with the prohibited additives. GSSM further reports that based on a preliminary estimate, ingredient costs will increase by approximately 15 percent, which will directly affect the overall cost of the school's meal plan and increase expenses by an amount up

to \$1,199,535. The School for the Deaf and the Blind (SDB) anticipates significant costs associated with ensuring its meal program does not include the prohibited food additives, as well requiring food suppliers and manufacturers to provide a list of ingredients, but reports that the overall cost is currently undetermined. The Wil Lou Gray Opportunity School (WLGOS) reports it may take time to find substitute food items and notes that ordering new or different products may affect delivery times as well as the range of products offered by vendors. WLGOS also notes its agency contract will need to be amended and agreed to by the awarded vendors.

The bill imposes a fine of up to \$1,000 per supplier for violations of the provisions of the bill. The number of violations that may occur are unknown. It is also unknown where the fine revenue will be allocated.

The overall impact of this bill on the local school districts will vary. SCDE surveyed the seventy-two regular school districts and three charter school districts and received responses from thirty-four districts. Nine of the responding districts indicate that the bill will have no expenditure impact. Nine districts indicate that this bill will increase expenses by an amount ranging from \$6,000 to \$10,080,000, while another ten districts anticipate that implementing the provisions of the bill will impact the district's food service budget by an amount ranging from 25 percent to 50 percent. Six districts indicate that this bill will increase expenses by an undetermined amount. Of the twenty-five districts that anticipate an expenditure impact, most expect expenses to increase due to food, labor, menu revision, training, and equipment costs. Several districts also note concerns regarding the timing of the implementation of the bill, as they will need to renegotiate contracts and potentially find new food vendors.

Additionally, the overall revenue impact on school districts will vary. Fourteen school districts indicate that the bill will have no revenue impact. Seven districts indicate that this bill will decrease revenue by an amount ranging from \$10,000 to \$2,000,000, while another ten districts anticipate that implementing the provisions of the bill will negatively impact the district's food sales by an amount ranging from 25 percent to 50 percent. Three districts indicate that this bill may decrease revenue by an undetermined amount. The twenty districts that anticipate a revenue impact expect to see a decrease in à la carte menu item sales and reduced student participation in the school breakfast and lunch programs.

Explanation of Fiscal Impact

Introduced on April 9, 2025

State Expenditure

This bill prohibits any public school participating in a federally funded or assisted meal program from serving, selling, or allowing a third party to sell ultraprocessed food on school premises during the academic school year beginning July 1, 2027. The bill requires each public school to annually submit a standardized certification form to SCDE's Office of School Nutrition attesting its compliance with the provisions of the bill. SCDE must post the certification form and a list of compliant schools on its website and conduct random audits of school meal samples every two years to verify compliance, using third-party laboratory testing if necessary. If a prohibited additive is found, the school and supplier will receive a warning from SCDE and will have sixty

calendar days to correct the violation. A second violation incurs a fine of up to \$1,000 per supplier, and a third violation may disqualify the supplier from providing school meals for one year. Every five years, SCDE, in consultation with the Department of Agriculture, must review scientific evidence and international regulations to determine if additional additives should be prohibited. Any recommended changes must be submitted to the State Board of Education for approval and codified by means of regulation.

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Frank A. Rainwater, Executive Director