



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:	S. 0425	Introduced on March 5, 2025
Subject:	School Meals for Students in Poverty	
Requestor:	Senate Education	
RFA Analyst(s):	Wren	
Impact Date:	March 24, 2025	

Fiscal Impact Summary

This bill requires each public school district to annually identify the number of its students who live in poverty and to increase access to free school breakfasts and lunches for those students. The bill also requires the local board of trustees of a district in which all schools are eligible to receive the free federal reimbursement rate for all reimbursable school breakfasts and lunches pursuant to the Community Eligibility Provision (CEP) to adopt a resolution indicating its degree of participation. If a district is unable to participate in CEP because participation would cause a financial hardship, the district's board must adopt a resolution stating that it is unable to participate in CEP and must demonstrate the financial hardship. Additionally, a district must ensure that the parents or guardians of students eligible for free and reduced lunch receive the necessary applications and are provided with assistance in completing the paperwork. Further, the bill prohibits a district or school from publicly identifying or penalizing a student in any way that is unable to pay for a meal or accrues meal debt.

This bill will have no fiscal impact on the S.C. Department of Education (SCDE) as long as there are no changes to CEP eligibility since current appropriations are sufficient to cover the costs to reimburse districts for reduced meal status. However, if federal changes to CEP eligibility increase the number of students receiving reduced prices for meals, district reimbursement would cease once the appropriation is exhausted.

This bill will have no expenditure impact on the state agency schools since the schools either do not charge students for meals, are reimbursed through federal grants, or have a financial aid program that covers meals for students with a financial need.

The expenditure impact of this bill on local school districts will vary by school and district depending on participation in the CEP program. SCDE surveyed the seventy-two regular school districts and the three charter school districts and received responses from fifteen districts. Thirteen of the responding districts indicate that the bill will have no expenditure impact since they participate in the CEP program. The remaining two districts indicate that if implementation of the bill affects collections of student meal debt, district expenses could increase. These districts currently report total student meal debt of \$10,000 and \$225,000, respectively.

Explanation of Fiscal Impact

Introduced on March 5, 2025

State Expenditure

This bill requires each public school district to annually identify the number of its students who live in poverty and to increase access to free school breakfasts and lunches for those students. The number of students must be obtained from the annual State Aid to Classrooms formula in the annual state budget. The bill also requires the local board of trustees of a district in which all schools are eligible to receive the free federal reimbursement rate for all reimbursable school breakfasts and lunches pursuant to CEP to adopt a resolution indicating its degree of participation. If a district is unable to participate in CEP because participation would cause a financial hardship, the district's board must adopt a resolution stating that it is unable to participate in CEP and must demonstrate the financial hardship. Additionally, a district must ensure that the parents or guardians of students eligible for free and reduced lunch receive the necessary applications and are provided with assistance in completing the paperwork. Further, the bill prohibits a district or school from publicly identifying or penalizing a student in any way that is unable to pay for a meal or accrues meal debt.

S.C. Department of Education. This bill will have no fiscal impact on SCDE, as long as there are no changes to CEP eligibility, since current appropriations are sufficient to cover the costs to reimburse districts for reduced meal status. However, if federal changes to CEP eligibility increase the number of students receiving reduced prices for meals, district reimbursement would cease once the appropriation is exhausted. For reference, SCDE indicates that approximately \$1.6 million in General Fund revenue is appropriated to reimburse districts for reduced-priced meals. Additionally, SCDE indicates that fifty-two school districts participate in CEP district-wide, two districts do not participate at all, and the remaining twenty-one districts participate at some level based on school eligibility.

State Agency Schools. This bill will have no expenditure impact on the state agency schools. For reference, responses from the agencies are as follows: The School for the Deaf and Blind indicates that this bill will have no expenditure impact on the school since the school does not charge its students for meals. The Wil Lou Gray Opportunity School also indicates that the bill will have no impact since the school is currently reimbursed by a federal food grant for student breakfasts and lunches. The Governor's School for Science and Mathematics indicates that the bill will have no expenditure impact since the school's financial aid process currently covers meal expenses for students with a financial need. The Governor's School for the Arts and Humanities and the Governor's School for Agriculture at John de la Howe also indicate that the bill will have no expenditure impact. Further, the Governor's School for Agriculture at John de la Howe indicates that nineteen of its students currently receive free breakfasts and lunches.

State Revenue

N/A

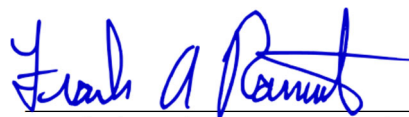
Local Expenditure

This bill requires each public school district to annually identify the number of its students who live in poverty and to increase access to free school breakfasts and lunches for those students. The bill also requires the local board of trustees of a district in which all schools are eligible to receive the free federal reimbursement rate for all reimbursable school breakfasts and lunches pursuant to CEP to adopt a resolution indicating its degree of participation. If a district is unable to participate in CEP because participation would cause a financial hardship, the district's board must adopt a resolution stating that it is unable to participate in CEP and must demonstrate the financial hardship. Additionally, a district must ensure that the parents or guardians of students eligible for free and reduced lunch receive the necessary applications and are provided with assistance in completing the paperwork. Further, the bill prohibits a district or school from publicly identifying or penalizing a student in any way that is unable to pay for a meal or accrues meal debt. Communications regarding outstanding meal debt may only be directed to the parent or guardian of the student.

The expenditure impact of this bill on local school districts will vary by school and district depending on participation in the CEP program. SCDE surveyed the seventy-two regular school districts and the three charter school districts and received responses from fifteen districts. Thirteen of the responding districts indicate that the bill will have no expenditure impact since they participate in the CEP program. The remaining two districts indicate that if implementation of the bill affects collections of student meal debt, district expenses could increase. These districts currently report total student meal debt of \$10,000 and \$225,000, respectively.

Local Revenue

N/A



Frank A. Rainwater, Executive Director