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FISCAL NOTE

Drafting Number:	LLS 18-0294	Date:	January 19, 2018
Prime Sponsors:	Sen. Fields; Gardner Rep. Michaelson Jenet	Bill Status:	Senate Education
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Bill Topic: EXPAND CHILD NUTRITION SCHOOL LUNCH PROTECTION ACT

Summary of Fiscal Impact:	☐ State Revenue	☐ TABOR Refund
	☒ State Expenditure	☒ Local Government
	☐ State Transfer	☐ Statutory Public Entity

The bill expands the School Lunch Protection Program. It increases state General Fund expenditures on an ongoing basis beginning in FY 2018-19.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$564,279 to the Colorado Department of Education.

Fiscal Note Status: This fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under SB 18-013**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$564,279	\$546,335
	Total	\$564,279	\$546,335
	Total FTE	-	-
Transfers		-	-

Summary of Legislation

Under current law, the School Lunch Protection Program provides free lunches to students in preschool through fifth grade who would otherwise pay for a reduced-cost lunch. This bill expands the program to include students in grades six through eight. The General Assembly must appropriate between \$500,000 and \$750,000 per year to fund the program expansion.

Background

Free and reduced-cost lunch eligibility. Eligibility for a free or reduced-cost lunch is based on family income. To be eligible for free meals, family income must be less than 130 percent of the federal poverty level (\$31,980 for a family of four in FY 2017-18). To be eligible for reduced-cost meals, family income must be above 130 and below 185 percent of the federal poverty level (\$45,510 for a family of four in FY 2017-18).

Federal reimbursement. The state receives federal money through the National School Lunch Program to reimburse participating schools for each lunch served. For the 2017-18 school year, most schools received \$3.29 per free lunch and \$2.89 for each reduced-cost lunch. Schools with more than 60 percent of students eligible for free and reduced-cost lunch are considered severe-need schools, and receive \$3.31 per free lunch and \$2.91 for each reduced cost lunch. Students who do not qualify for free or reduced-cost lunch may purchase a lunch, and schools are reimbursed \$0.37, or \$0.39 if the school is a severe-need school, for those lunches

State reimbursement. Colorado's School Lunch Protection Program reimburses participating schools the difference between the federal reimbursement for free meals and for reduced-cost meals for students in pre-K through fifth grade. For the 2017-18 school year, the program reimbursed \$0.40 per reduced-cost meal. As a result, schools receive \$3.29 per meal, or \$3.31 per meal for severe-need schools, in combined state and federal reimbursements, regardless of whether the student qualifies for a free or reduced-cost lunch. Table 2 presents the federal and state reimbursement rates for the 2017-18 school year.

Table 2
Per Meal State and Federal Lunch Reimbursement Rates – 2017-18 School Year

School Type	Source of Reimbursement	Free Lunch	Reduced-Cost Lunch	Paid Lunch
Regular	Federal	\$3.29	\$2.89	\$0.37
	State	-	\$0.40	-
	Total	\$3.29	\$3.29	\$0.37
Severe Need	Federal	\$3.31	\$2.91	\$0.39
	State	-	\$0.40	-
	Total	\$3.31	\$3.31	\$0.39

State Expenditures

This bill increases General Fund expenditures for the CDE by \$564,279 in FY 2018-19 and \$546,335 in FY 2019-20 to reimburse districts for reduced-cost lunches served to students in grades six through eight. Cost estimates assume 1,410,697 reduced-cost lunches in FY 2018-19 and 1,365,838 reduced-cost lunches in FY 2019-20 will be served to eligible students in grades six through eight, at the current reimbursement rate of \$0.40 per reduced-cost lunch.

The bill also increases workload for CDE beginning in FY 2018-19 to implement the expanded program, including assisting districts with adjusting monthly reimbursement claims. Although CDE is authorized to utilize a portion of the appropriation to cover additional administrative expenses, program expansion is expected to be accomplished within existing appropriations.

School District Impact

The bill does not change the amount schools receive for each reduced-cost lunch; however, a portion of the payments received for school lunches will be paid from additional state reimbursement rather than student payments. The fiscal note assumes that there will be no change in the total number of reduced-cost lunches served compared to current law. In addition, schools may experience a minimal increase in workload to adjust monthly claims for reimbursement filed with CDE.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2018-19, the bill requires a General Fund appropriation of \$564,279 to the Colorado Department of Education.

State and Local Government Contacts

Education