



**Legislative
Council Staff**

Nonpartisan Services for Colorado's Legislature

HB 19-1171

**FINAL
FISCAL NOTE**

Drafting Number: LLS 19-0065
Prime Sponsors: Rep. Michaelson Jenet
 Sen. Fields; Priola
Date: May 30, 2019
Bill Status: Signed into Law
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Bill Topic: EXPAND CHILD NUTRITION SCHOOL LUNCH PROTECTION ACT

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> School District
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill expands the school lunch protection program to include grades nine through twelve. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: In FY 2019-20, the bill includes a General Fund appropriation of \$463,729 to the Colorado Department of Education.

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

**Table 1
State Fiscal Impacts Under HB 19-1171**

		FY 2019-20	FY 2020-21
Revenue		-	-
Expenditures	General Fund	\$463,729	\$478,105
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The School Lunch Protection Program provides free lunches to students in preschool through eighth grade who would otherwise pay for a reduced-cost lunch. State law requires that the General Assembly annually appropriate funding for the program, within a specified range. This bill expands the program to include lunches served to students in grades nine through twelve, and removes the specified range for the program's annual appropriation.

Background

School Lunch Protection Program. The state's School Lunch Protection Program reimburses participating schools the difference between the federal reimbursement for free meals and reduced-cost meals for students in pre-K through eighth grade. Senate Bill 18-013 expanded the program to include grades six through eight. For the 2018-19 school year, the program reimbursed \$0.40 per reduced-cost meal, and received a total state appropriation of approximately \$2.2 million.

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 (\$32,630 for a family of four in FY 2018-19). To be eligible for reduced-cost meals, family income must be above 130 and below 185 percent of the federal poverty level (\$46,435 for a family of four in FY 2018-19).

Federal reimbursement. The state receives federal money through the National School Lunch Program to reimburse participating schools for each lunch served. Schools receive a per-lunch reimbursement based on whether the student qualifies for free lunch, or reduced-cost lunch, or purchases a lunch. Schools in districts that serve at least 60 percent free and reduced-costs meals are considered severe-need schools and receive a higher federal reimbursement amount.

State reimbursement. For the 2018-19 school year, the school lunch protection program reimbursed \$0.40 per reduced-cost meal. As a result, schools receive \$3.37 per meal, or \$3.39 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 lunch reimbursement rates for the 2018-19 school year.

Table 2
Per Meal State and Federal Lunch Reimbursement Rates – 2018-19 School Year

School Type	Source of Reimbursement	Free Lunch	Reduced-Cost Lunch	Paid Lunch
Regular	Federal	\$3.37	\$2.97	\$0.37
	State	-	\$0.40	-
	Total	\$3.37	\$3.37	\$0.37
Severe Need	Federal	\$3.39	\$2.99	\$0.39
	State	-	\$0.40	-
	Total	\$3.39	\$3.39	\$0.39

State Expenditures

The bill increases General Fund expenditures for the CDE by \$463,729 in FY 2019-20 and \$478,105 in FY 2020-21 to reimburse districts for reduced-cost lunches served to students in grades nine through twelve.

Cost estimates assume that 1,138,590 reduced-cost lunches in FY 2019-20 and 1,171,825 reduced-cost lunches in FY 2020-21 will be served to eligible students in grades nine through twelve. The assumed meal counts are based on the reduced-cost lunches expected to be served in FY 2018-19, grown by 5.0 percent for FY 2019-20 and 3.1 percent for FY 2020-21 to reflect recent trends and CDE's current meal count and reimbursement projections. The estimate assumes the current reimbursement rate of \$0.40 per reduced-cost lunch.

The required expenditures also include 2.0 percent of the reimbursement amount for administrative expenses incurred by CDE to administer the program, as is specified in current law. Beginning in FY 2019-20, this amount is approximately \$9,000. To implement the expanded program, CDE's Office of School Nutrition will assist districts with adjusting monthly reimbursement claims, and modify forms and materials. No additional staffing is required.

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 from 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 was signed into law by the Governor on May 10, 2019, and takes effect on August 2, 2019, assuming no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill includes a General Fund appropriation of \$463,729 to the Colorado Department of Education.

Departmental Difference

The estimate in the fiscal note reflects a conservative approach to estimating the amount required to reimburse reduced-cost meals served to eligible students in grade nine through twelve, beginning in FY 2019-20. The department estimates that up to \$509,131 in FY 2019-20 and up to \$593,372 in FY 2020-21 may be required to provide reimbursement for eligible reduced-cost meals; this amount reflects an additional contingency should the number of required reduced-cost meal reimbursements exceed projections. If the number of meals and required reimbursements exceed what is estimated in the fiscal note, CDE will likely be required to request an emergency supplemental appropriation.

State and Local Government Contacts

Education