

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0054S.01I  
 Bill No.: SB 321  
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Food; Children and Minors  
 Type: Original  
 Date: April 17, 2023

Bill Summary: This proposal creates the "Missouri Universal School Meals Act".

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	\$0 to (\$153,093,467)	\$0 to (\$153,093,467)	\$0 to (\$153,093,467)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$153,093,467)</b>	<b>\$0 to (\$153,093,467)</b>	<b>\$0 to (\$153,093,467)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Universal School Meals Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Transfers and distributions net to zero.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>\$0 to \$153,093,467</b>	<b>\$0 to \$153,093,467</b>	<b>\$0 to \$153,093,467</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 167.204 - Missouri Universal School Meals Act

Officials from the **Department of Elementary and Secondary Education (DESE)** state if meals are provided at no cost to students, the total cost to the state would be an additional \$153,093,466 in general revenue. This total would increase with any reimbursement rate increase that schools would receive in future years.

#### Breakfast Cost

Difference between the paid breakfast reimbursement rate and the free breakfast reimbursement rate:

- $\$2.52 - \$0.35 = \$2.17$
- $\$2.17 * 10,924,011 \text{ full price (paid) breakfasts} = \$19,881,700$

Difference between the reduced price breakfast reimbursement rate and the free reimbursement rate:

- $\$2.52 - \$2.22 = \$0.35$
- $\$0.35 * 3,537,381 \text{ reduced price breakfasts} = \$6,791,772$

**Total Breakfast Costs = \$26,673,472**

#### Lunch Cost

Difference between the paid lunch reimbursement rate and the free lunch reimbursement rate:

- $\$4.03 - \$0.47 = \$3.56$
- $\$3.56 * 33,674,245 \text{ full price (paid) lunches} = \$104,053,417$

Difference between the reduced price lunch reimbursement rate and the free reimbursement rate:

- $\$4.03 - \$3.63 = \$0.40$
- $\$0.40 * 6,924,637 \text{ reduced price lunches} = \$22,366,577$

**Lunch Cost Total = \$126,419,995**

**Total Cost = \$153,093,466**

Upon further inquiry, **DESE** stated schools must comply with Paid Lunch Equity (PLE) requirements. This means that schools follow metrics to set their prices they charge for a paid student meal following the paid lunch equity provisions outlined in [7 CFR 210.14\(e\)](#).

This would be a cost to the General Revenue Fund. If the school is required to offer all meals at no cost under a universal free meals program then the school would be reimbursed at the

corresponding rates for a free, reduced, paid that would be covered by Federal Funds as normal. Then if the school is not able to charge students for a reduced or paid meal this means the State's General Revenue Fund would need to cover the difference according to paid lunch equity requirements to ensure the schools food service account has sufficient revenue. For a paid meal to comply would be the difference between the Federal paid meal reimbursement rate and the Federal free meal reimbursement rate. For a Reduced meal to comply with revenue requirements the reimbursement needs to be the difference between the Federal reduced reimbursement rate and the federal free reimbursement rate).

**DESE** stated the estimated cost includes all schools in the School and Nutrition program which includes some private and parochial schools.

**Oversight** will show the costs as estimated by DESE, but notes these estimates could be exceeded if additional schools participate in the School and Nutrition program.

Officials from the **Office of the State Treasurer** did not respond to **Oversight's** request for fiscal impact for this proposal.

**Oversight** assumes the STO is provided with core funding to handle a certain amount of activity each year. Oversight assumes the STO could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, the STO could request funding through the appropriation process.

**Oversight** assumes this proposal creates the Universal School Meals Fund. For simplicity, Oversight assumes all the funds will be used in the year in which they are appropriated.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - to provide breakfast at no cost to students - §167.204	\$0 to (\$26,673,472)	\$0 to (\$26,673,472)	\$0 to (\$26,673,472)
<u>Transfer Out</u> - to provide lunches at no cost to students - §167.204	\$0 to (\$126,419,995)	\$0 to (\$126,419,995)	\$0 to (\$126,419,995)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 to (\$153,093,467)</b>	<b>\$0 to (\$153,093,467)</b>	<b>\$0 to (\$153,093,467)</b>
<b>UNIVERSAL SCHOOL MEALS FUND</b>			
<u>Transfer In</u> - to provide breakfast at no cost to students - §167.204	\$0 to \$26,673,472	\$0 to \$26,673,472	\$0 to \$26,673,472
<u>Transfer In</u> - to provide lunches at no cost to students - §167.204	\$0 to \$126,419,995	\$0 to \$126,419,995	\$0 to \$126,419,995
<u>Costs</u> - to provide breakfast at no cost to students - §167.204	\$0 to (\$26,673,472)	\$0 to (\$26,673,472)	\$0 to (\$26,673,472)
<u>Costs – Transfer Out</u> - to provide lunches at no cost to students - §167.204	\$0 to (\$126,419,995)	\$0 to (\$126,419,995)	\$0 to (\$126,419,995)
<b>ESTIMATED NET EFFECT ON UNIVERSAL SCHOOL MEALS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>SCHOOL DISTRICTS &amp; CHARTER SCHOOLS</b>			
<u>Revenue Gain</u> - to provide breakfast at no cost to students - §167.204	\$0 to \$26,673,472	\$0 to \$26,673,472	\$0 to \$26,673,472
<u>Revenue Gain</u> - to provide lunch at no cost to students - §167.204	\$0 to \$126,419,995	\$0 to \$126,419,995	\$0 to \$126,419,995
<b>ESTIMATED NET EFFECT SCHOOL DISTRICTS &amp; CHARTER SCHOOLS</b>	<b>\$0 to \$153,093,467</b>	<b>\$0 to \$153,093,467</b>	<b>\$0 to \$153,093,467</b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act establishes the "Missouri Universal School Meals Act". Subject to appropriations, schools shall provide a U.S. Department of Agriculture reimbursable meal to a student who requests one, at no cost to the student, unless the student's parent or guardian provides notice to the school that the parent or guardian will provide the student's meal. A school shall determine which students are eligible for free and reduced price meals under the federal student meals programs and shall provide information and assistance to parents and guardians for purposes of filling out meal assistance applications. Schools shall seek to maximize federal meal assistance, but shall not publicly identify or stigmatize students who are eligible for such assistance.

This act creates the "Universal School Meals Fund", which shall be used to reimburse schools for the costs of student meals that are not otherwise reimbursed under the federal meals programs. The State Board of Education shall promulgate rules to implement the program, including the process by which schools may apply for reimbursement of student meals.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 0054S.011

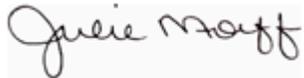
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SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Julie Morff  
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April 17, 2023



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Assistant Director  
April 17, 2023