



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 484 As amended by House Education and Public Works on May 18, 2016
Author: Shealy
Subject: Elementary school food service meal requirements
Requestor: House of Representatives
RFA Analyst(s): Fulmer
Impact Date: May 24, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$85,800	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	1.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	(\$2,564,417)	\$0

Fiscal Impact Summary

This bill as amended would have a General Fund expenditure impact of \$85,800 in FY 2017-6-17 and each year thereafter. The local school districts collectively could experience a loss of \$2,564,417 in revenue for lack of payment for reduced price lunches.

Explanation of Fiscal Impact

Explanation of Amendment by House Education and Public Works Committee on May 18, 2016

State Expenditure

This bill as amended prohibits schools or school districts from restricting the food that a parent or guardian may provide for student consumption at school. The amended bill also adds Section 59-63-785 to require the schools and school districts to offer students who are eligible for free or reduced price lunches the same choice of meals and milk offered to children who pay the full price.

The State Department of Education indicates this bill as amended would require an additional FTE for state-level compliance monitoring and the management of complaints. Therefore, the department will have a recurring expenditure impact of \$85,800 to the General Fund.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

The bill as amended prohibits schools and school districts from denying a meal or providing an alternative meal if the student owes the school for meals.

In school year 2014-15, approximately 121,000,000 meals were served of which 74.1 percent were free meals, 5.7 percent were reduced price, and 20.2 percent were full pay meals. Students eligible for reduced price meals were charged \$0.30 for breakfast and \$0.40 for lunch as compared to the full price designated by the local schools. Federal regulations allow districts to deny meals to students eligible for lunch if they do not pay the reduced lunch. In this situation, districts often provide students with an alternate meal. Districts collected approximately \$51,512,000 for meals, of which \$2,564,000 or 5% was from reduced meals and the remainder was from full price meals. Based on a sample, unpaid meals totaled approximately 4.4 percent of total charges or approximately \$2,267,000. This amendment would apply to approximately 54 local school districts and any charter schools that participate in the National School Lunch Program. It does not affect the 29 districts with 100% participation in the Community Eligibility Provision (CEP).

The State Department of Education notes that child nutrition programs operate as a business within school districts and this amendment would remove the incentive for parents to pay for reduced price student meals. The Department stated that there are no federal or state funding sources to offset the loss of this revenue and this amount would be paid from local sources.

As drafted, this amendment would require districts to continue to provide the same meal to students eligible for reduced lunch as other students if the student owed the district money for meals. The amendment, however, does not otherwise restrict the ability of the districts to try to collect on these unpaid fees. Depending on the actions and policy decisions of each of the affected districts, the statewide impact of this amendment could result in a loss of \$2,564,000 if all payments for reduced meals were eliminated.

The Department also indicated a concern and potential impact about other policy decisions a district may consider such as the equity with students with full price meals and administrative costs for changing local policies and procedures.

Explanation of Bill Filed on February 25, 2015

State Expenditure

The bill requires the Department of Education and local school districts to provide meals to kindergarten through twelfth grade that must meet or exceed the nutritional requirements established by the United States Department of Agriculture (USDA) Food and Nutrition Service. All a la carte items sold for student consumption must be included on school menus in addition to the regular meals.

The State Department of Education indicates that this bill may affect local school districts in several ways, some positive and some negatively. The result is unknown.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director