

Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number **21-4805/1** Introduction Number **AB-0805**

Description
providing state aid to reimburse public and private schools that provide free meals to all pupils for the costs of those meals and making an appropriation

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
 - Increase Existing Revenues
 - Decrease Existing Revenues
 - Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
 - Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
 - 1. Increase Costs
 - 2. Decrease Costs
 - 3. Increase Revenue
 - 4. Decrease Revenue
 - 5. Types of Local Government Units Affected
 - Towns
 - Counties
 - School Districts
 - Village
 - Others
 - WTCS Districts
 - Cities
 - Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory

Fund Sources Affected

- GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Affected Ch. 20 Appropriations

20.255(2)(cn), 20.255(2)(cm), 20.255(2)(cl)

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Date

1/30/2022

Fiscal Estimate Narratives

DPI 1/30/2022

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Description					
providing state aid to reimburse public and private schools that provide free meals to all pupils for the costs of those meals and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill would modify the current law state aid programs to offset expenditures for school lunch meals served by school districts, independent charter schools, private schools, tribal schools, and the state's two residential schools (the School for the Blind and the School for the Deaf), and, for school breakfast meals served by school districts, private schools, and tribal schools. School districts and schools that participate in these federal nutrition programs are referred to in this fiscal estimate as participating local education agencies (LEAs).

The bill makes the following changes to current law:

1. Creates a category of eligibility for state aid for LEAs that participate in both the national school lunch and national school breakfast programs, and provide a free meal to any student who requests a meal, at no cost to the student (i.e., eligible, participating LEAs).
2. Creates new state aid programs that provide eligible, participating LEAs with state aid for breakfast and lunch meals served (during the prior school year), to ensure that between the state and federal aid programs, the eligible, participating LEA receives a total amount equal to the per meal reimbursement rate under the respective federal program for a student who would be eligible for a free meal (who meets the income eligibility criteria for a free meal).
3. Payments to eligible, participating LEAs under the proposed school breakfast and school lunch aid programs would be made beginning in the 2023-24 school year (based on 2022-23 data).
4. The bill expands eligibility under the proposed state aid programs for school lunch and school breakfast to include independent charter schools and the state's two residential schools for the school breakfast program proposed under the bill.

The bill preserves the current law state aid programs for LEAs that participate in either the national school lunch program or the school breakfast program (not both).

Under current law, the state expends \$4,218,100 GPR annually as the state's matching obligation under the national school lunch program, from the appropriation under s. 20.255 (2) (cn), aids for school lunches and nutritional improvement [for the elderly]. Rather than paying LEAs on a per-meal basis, the current law state aid program distributes payments based on the number of lunch meals served to eligible students by each participating LEA as a proportion of total lunch meals served (to eligible students) by all participating LEAs in the state (i.e., each participating LEA receives a proportionate share of the state's matching obligation).

Under current law, the state expends \$2,510,500 GPR annually for school breakfast aid by providing each participating LEA with a per-meal reimbursement, from the appropriation under s. 20.255 (2) (cm), reimbursement for school breakfast programs. Current law specifies a reimbursement rate of 15 cents per meal (since FY08), but because the appropriation is not sum-sufficient, actual payments are prorated, typically between 8-9 cents per meal over the past several years.

When the COVID-19 pandemic first closed schools to in-person instruction in Spring 2020, one of the responses by the federal government was to ensure that all students had access to nutritious meals, by providing reimbursement to LEAs for all meals served to students, regardless of the student's economic status. This is referred to as the Summer Seamless Option (SSO) and is funded by the U.S. Department of Agriculture (USDA). The practice of allowing LEAs to participate in the SSO during the regular school year continued into the following school year (2020-21) and continues in the current (2021-22) school year. All LEAs may participate on the SSO, without meeting traditional area eligibility requirements through June 30, 2022.

Local: Indeterminate; potential for increased revenues.

This bill would change the appropriations that reimburse eligible districts and LEAs for school breakfast and school lunch programs to a sum-sufficient appropriation, meaning eligible LEAs would receive aid payments equal to 100 percent of claims for which they are eligible. This change to current law would be likely to increase revenue from the state aid programs for school breakfast and lunch (under the bill) to LEAs. The changes in the bill would not impact payments to LEAs until the 2023-24 school year.

However, it is possible that the federal government will continue to permit LEAs to continue participating in the SSO beyond June 30, 2022 (which would negate the fiscal impact of the bill for currently eligible LEAs). Additionally, if some LEAs were to choose to not participate in both the national school lunch and the national school breakfast program, they would continue to be eligible under current law state aid programs for lunch and breakfast meals served.

DPI anticipates that if this bill became law, there would generally be a decrease in the amount of state aid paid out under the current law state aid programs for school lunch and school breakfast, as LEAs would have incentive to participate in both the national school lunch and school breakfast programs in order to be eligible for the proposed state aid program. Payments under the proposed state aid payments would offset, and potentially be greater than, the current state aid programs. However, the uncertainty as to how many LEAs would and would not participate in both federal programs (and be eligible for the proposed aid), and the potential for continuation of the SSO for LEAs, complicates the projected impact on LEAs.

State: Indeterminate; potential for increased expenditures.

Long-Range Fiscal Implications