

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-1300/1		Introduction Number AB-0048	
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		☐ Increase Existing Revenues	
☐ Decrease Existing Appropriations		☐ Decrease Existing Revenues	
☒ Create New Appropriations		☐ Increase Costs - May be possible to absorb within agency's budget	
		☐ Yes ☐ No	
		☐ Decrease Costs	
Local:			
☐ No Local Government Costs			
☐ Indeterminate			
1. ☐ Increase Costs		3. ☒ Increase Revenue	
☐ Permissive ☐ Mandatory		☐ Permissive ☒ Mandatory	
2. ☐ Decrease Costs		4. ☒ Decrease Revenue	
☐ Permissive ☐ Mandatory		☐ Permissive ☒ Mandatory	
5. Types of Local Government Units Affected			
☐ Towns		☐ Village	
☐ Counties		☐ Others	
☒ School Districts		☐ WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
☒ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS		20.255 (2) (cL) [new]; 20.255 (2) (cm) and (cn) [existing]	
Agency/Prepared By		Authorized Signature	
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		Date	
		2/25/2025	

Fiscal Estimate Narratives

DPI 2/25/2025

LRB Number	25-1300/1	Introduction Number	AB-0048	Estimate Type	Original
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

Under current law, DPI makes payments to school districts, private schools, independent charter schools, tribal schools, the Wisconsin Educational Services Program for the Deaf and Hard of Hearing (WESPDHH), and the Wisconsin Center for the Blind and Visually Impaired (WCBVI), to partially match the federal contribution under the National School Lunch Program.

The National School Lunch Program allows schools to provide free or reduced-price lunches to low-income students.

Currently, DPI's payments under the School Lunch Program, is a variable percentage of the amount of the federal basic reimbursement. Meals under the School Lunch Program include breakfast. This amount is then allocated amongst the eligible schools according to the number of lunches served during the prior school year.

In addition, DPI provides a per meal reimbursement to school districts, private schools, and tribal schools that provide breakfast to students under the School Breakfast Program. DPI provides a per meal reimbursement of \$0.15 for each breakfast served under the program, but, if there is insufficient funding to pay the full amount, DPI prorates the payments.

Under the bill, a school is eligible for additional state reimbursements for lunches and breakfasts served in a school year if the school:

1. Participates in both the National School Lunch Program and the federal School Breakfast Program for the school year; and
2. For each school day for which school is in session during the school year, provides to any pupil who requests one, at no cost to the pupil, one lunch and one breakfast that meet under the federal programs.

Under the bill, DPI must reimburse an eligible school meal (lunch and breakfast) under the federal program, on a per meal amount basis, from a new, sum sufficient appropriation created in the bill.

1. For meals in the federal School Lunch Program, DPI would reimburse school districts per meal, the amount of the federal reimbursement rate per meal minus any amount received from the federal government.
2. For meals in the School Breakfast Programs, it would change the appropriation from a continuing appropriation, to sum sufficient. This would ensure that every payment for meals is fully funded at 15 cents per breakfast.

The bill is intended to guarantee that an eligible school will receive a total amount in state and federal aid that will reimburse the eligible school an amount equal to the free meal reimbursement rate for each meal the eligible school serves.

Under the bill, if a school does not meet the eligibility requirements for the additional state reimbursement for a school year:

1. If the school participates in the National School Lunch Program for the school year, DPI will reimburse the school an amount required to meet the state's matching obligations under the federal program.
2. If the school participates in the federal School Breakfast Program for the school year, DPI will reimburse the school \$0.15 for each breakfast served under the federal program, without proration.

The bill specifies that the additional state aid provided to eligible schools would begin with aid payments made

to schools in the 2026-27 school year (FY27), based on the number of meals served [in eligible schools] in the 2025-26 school year. The GPR appropriations under s.20.255 (2)(cL), (cm), and (cn) would first be effective on July 1, 2026 (for FY27).

State impact: Increase expenditures

This bill would increase state expenditures, providing GPR funds that would be passed through DPI as additional aid to eligible schools. While the bill does not appropriate additional expenditure authority, it creates a sum sufficient appropriation (effective in FY27), meaning all eligible claims would be reimbursed in full.

Based on the Governor's 2025-27 biennial budget request, which includes the same proposal, the cost to the state of provide this additional aid to eligible schools would be \$147,720,000 GPR in FY27 (reflects reimbursements for lunch and breakfast meals, assumes currently participating schools would meet the eligibility requirements under the bill for the additional aid created under the bill).

The bill does preserve the existing appropriation under s.20.255(2)(cn), Aids for school lunches and nutritional improvement for the elderly, for payments that would be made to schools that do not qualify for the additional aid created in this bill but that do continue to participate in the national school lunch (NSL) program (i.e., schools that provide free or reduced-price lunch meals but do not offer meals at no charge to all students). The existing appropriation (\$4,218,100 GPR annually) serves as the required state match under the NSL program; under the bill, the appropriation would continue at the current level and be distributed as under current law (in proportion to the number of lunch meals served in applicable schools).

The bill also preserves the existing appropriation under s.20.255(2)(cm), Reimbursement for school breakfast programs (though changes it from continuing to sum sufficient). This appropriation would continue to make payments (at 15 cents per meal) to schools that do not qualify for the additional aid created in this bill but that do continue to participate in the school breakfast program [SBP] (i.e., schools that provide free or reduced-price breakfast meals but do not offer meals at no charge to all students).

The current appropriation for the SBP is \$2,510,500 GPR annually. If this bill were law, the actual expenditures out of the current law SBP appropriation would depend on the number of eligible claims - which, theoretically could be zero, if all schools chose to meet the eligibility criteria for the additional aid created by the bill (i.e., receive state aid for breakfast meals served under the proposed aid program rather than under the current law program). DPI cannot project which schools would choose not to align with the eligibility criteria for additional aid created under the bill; therefore, the payments for breakfast meals that would be paid from the existing SBP appropriation is indeterminate.

Local impact: Increase revenue received from the state (state aid) and decrease revenue received from students/families (school meal fees).

This bill would provide significant additional state aid to schools that choose to align with the eligibility criteria for additional aid created under the bill. However, because schools would not be able to collect fees for meals from any student, schools would lose revenue from that source. DPI is not able to estimate the net impact of those to factors on revenue related to school meal programs.

Long-Range Fiscal Implications

This bill would have long-term fiscal implications by creating ongoing additional expenditures related to reimbursing schools for school meals.