



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #636

### School Breakfast Programs (DPI -- Categorical Aids)

[LFB 2023-25 Budget Summary: Page 490, #7]

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#### CURRENT LAW

Under the school breakfast program, the state makes payments equal to up to \$0.15 per meal to provide partial reimbursement for the cost of school breakfasts served under the federal school breakfast program, which provides free or reduced-price breakfast to low-income children in participating school districts and private schools. Annual base funding of \$2,510,500 GPR is provided, which will fund approximately 5.9 cents per meal in 2022-23.

#### DISCUSSION POINTS

1. The federal school breakfast program (SBP) provides assistance to states to operate nonprofit breakfast programs in school districts, private schools, and residential childcare institutions. Schools that take part in the breakfast program receive cash reimbursements from the U.S. Department of Agriculture (USDA). In return, schools must serve breakfasts that meet federal nutrition requirements, and they must offer free and reduced-price breakfast to low-income children. To qualify for free meals, pupils must have family incomes less than 130% of the federal poverty level, and to qualify for reduced-price meals, pupils must have family incomes less than 185% of the federal poverty level. In 2022-23, for a family of four, 130% of the federal poverty is equal to \$36,075 in annual income, and 185% is equal to \$51,388.

2. The basic cash reimbursement rates for all schools or institutions participating in the federal school breakfast program in 2022-23 are \$2.26 for a free breakfast, \$1.96 for a reduced-price breakfast, and \$0.50 for a paid breakfast. In the 2022-23 school year, approximately 345,400 public school pupils in Wisconsin qualified for free meals, or approximately 44% of pupils statewide, and 37,900 pupils qualified for reduced-price meals, or approximately 5% of pupils statewide.

3. Schools with high concentrations of poverty, where more than 40% of meals are served free or at a reduced rate, receive additional payments of \$0.41 for each free or reduced-price breakfast. Rates are adjusted annually based on the consumer price index. Schools may charge no more than \$0.30 per reduced-price breakfast. Schools set their own prices for full-price breakfast, but they must operate meal services as non-profit programs.

4. In 2022-23, a total of \$2,510,500 GPR is provided for the school breakfast program. Under state law, the appropriation can reimburse up to \$0.15 per breakfast served, although payments are prorated if funding is insufficient to fully fund eligible claims. In 2022-23, it is estimated that payments will be prorated at \$0.059 per breakfast. In that year, approximately 42.7 million breakfasts will be served in public and private schools to Wisconsin pupils. In 2019-20, the most recent year for which finalized federal nutrition program data is available, 379 school districts, 106 private schools, and 34 other educational institutions participated in the Wisconsin school breakfast program, and the state received reimbursements from USDA totaling \$47.8 million for school breakfasts.

5. The table below shows the total amount of funding under the school breakfast program, the reimbursement amount per breakfast, and the total number of breakfasts served in each of the last ten years.

**School Breakfast Program Funding and Participation  
2013-14 to 2022-23**

	<u>Appropriations</u>	<u>Reimbursement per Breakfast</u>	<u>Total Breakfasts Served</u>
2013-14	\$2,510,500	\$0.09	29,209,199
2014-15	2,510,500	0.08	30,498,801
2015-16	2,510,500	0.08	31,792,576
2016-17	2,510,500	0.08	31,764,537
2017-18	2,510,500	0.08	32,138,309
2018-19	2,510,500	0.08	32,247,843
2019-20	2,510,500	0.09	27,108,194
2020-21	2,510,500	0.08	31,688,413
2021-22	2,510,500	0.06	40,663,528
2022-23*	2,510,500	0.06	42,696,704

\*Estimated

6. In its agency budget request, DPI estimated that based on the history of growth in the program, the number of school breakfasts served will increase by 5% annually. Based on this projected growth rate, the current appropriation would allow for reimbursements of approximately \$0.056 in 2023-24 and \$0.053 in 2024-25.

7. Assembly Bill 43/Senate Bill 70 would provide an increase of \$4,326,800 GPR in 2023-24 and \$4,663,000 GPR in 2024-25 above base level funding of \$2,510,500 for the school breakfast

program. The bill would also modify the program to allow independent charter schools, the state's Educational Services Program for the Deaf and Hard of Hearing and Center for the Blind and Visually Impaired, and residential care centers for children and youth overseen by the Department of Children and Families (DCF) to be eligible for reimbursement and to specify that schools that ceased operations during the prior school year are not eligible for reimbursement for any breakfast served during that year. Under current law, only public and private schools are eligible to receive state reimbursements under the school breakfast program. It could be argued that these entities receive state support under other programs, such as the state reimbursement for school lunches, and it would be consistent to include them in the school breakfast program as well. DPI estimates that reimbursement at \$0.15 per breakfast for the newly eligible institutions would cost approximately \$112,500 in each year and that the additional funding would increase the state reimbursement rate to \$0.15 per breakfast served by all eligible entities. [Alternative 1]

8. The Committee may wish to modify the program to expand eligibility and provide additional support for the school breakfast program, but at a reduced cost. Based on estimates of program costs in the 2023-25 biennium, an increase of \$2,047,700 GPR in 2023-24 and \$2,271,800 GPR in 2024-25 would provide sufficient funding for a reimbursement of \$0.10 per breakfast, including the entities eligible for reimbursement under current law and the newly eligible institutions. [Alternative 2]

9. The Committee may wish to provide additional support for only those entities eligible for reimbursement under current law under the school breakfast program, but at a reduced cost. Based on estimates of program costs in the 2023-25 biennium, an increase of \$1,972,700 GPR in 2023-24 and \$2,196,800 GPR in 2024-25 would provide sufficient funding for a reimbursement of \$0.10 per breakfast for the entities eligible for reimbursement under current law. [Alternative 3]

## ALTERNATIVES

1. Provide an increase of \$4,326,800 in 2023-24 and \$4,663,000 in 2024-25 above base level funding of \$2,510,500 for the school breakfast program to fully fund the state reimbursement rate to 15.0 cents per meal served, and expand eligibility for aid to include independent charter schools, the state's residential schools for blind and deaf pupils, and residential care centers overseen by DCF. Specify that schools that ceased operations during the prior school year are not eligible for reimbursement for any breakfast served during that year.

ALT 1	Change to Base
GPR	\$8,989,800

2. Provide an increase of \$2,047,700 in 2023-24 and \$2,271,800 in 2024-25, and expand eligibility for aid to include independent charter schools, the state's residential schools for blind and deaf pupils, and residential care centers overseen by DCF. It is estimated that this would fund payments of \$0.10 per breakfast.

<b>ALT 2</b>	<b>Change to Base</b>
GPR	\$4,319,500

3. Provide an increase of \$1,972,700 in 2023-24 and \$2,196,800 in 2024-25, which would fund estimated payments of \$0.10 per breakfast for the entities eligible for reimbursement under current law.

<b>ALT 3</b>	<b>Change to Base</b>
GPR	\$4,169,500

4. Take no action.

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