



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #510

School Nutrition Programs (DPI -- Categorical Aids)

[LFB 2021-23 Budget Summary: Page 471, #16 and 17]

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 7.9 cents per meal in 2020-21.

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. Children from families with incomes less than 130% of the federal poverty level are eligible for free breakfast, and those with incomes less than 185% of poverty are eligible for reduced-price breakfast. In 2020-21, for a family of four, 130% of the federal poverty is equal to \$34,060 in annual income, and 185% is equal to \$48,470.

2. In 2020-21, the federal basic reimbursements equal \$0.32 per paid breakfast, \$1.59 per reduced-price breakfast, and \$1.89 per free breakfast. Schools with high concentrations of poverty, where more than 40% of meals are served free or at a reduced price, receive additional payments of \$0.37 for each free and reduced-price meal. 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. The state

received reimbursements from USDA for school breakfasts totaling \$53.7 million in 2017-18.

3. In 2020-21, 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 2020-21, it is estimated that payments will be prorated at \$0.079 per breakfast. In that year, approximately 31.7 million breakfasts will be served in public and private schools to Wisconsin pupils. In 2017-18, the most recent year for which finalized federal nutrition program data is available, 366 school districts, 102 private schools, and 25 other educational institutions participated in the Wisconsin school breakfast program.

4. The table below shows funding under the school breakfast program, the total number of participating public and private schools, and the total number of breakfasts served in each of the last 10 years.

**School Breakfast Program Funding and Participation
2011-12 to 2020-21**

	<u>Appropriation</u>	<u>Reimbursement Per Breakfast</u>	<u>Total Breakfasts Served</u>
2011-12	\$2,510,500	\$0.09	26,451,375
2012-13	2,510,500	0.09	28,451,334
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	31,764,547
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	27,241,401
2020-21	2,510,500	0.08	31,688,413

5. 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 2% annually. Based on this projected growth rate, the current appropriation would allow for reimbursements of approximately \$0.078 in 2021-22 and \$0.076 in 2022-23.

6. School districts have continued to provide meals to pupils during the COVID-19 pandemic, even during periods of remote or virtual instruction. The federal Summer Food Service program and Seamless Summer Option program allow participants in federal school nutrition programs to serve up to two free meals a day to children ages 18 and under during periods when schools are closed. Waiver authority provided to the USDA Food and Nutrition Service under the Families First Coronavirus Response Act, as well as funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, allowed the federal government to issue waivers under which these programs could apply to schools closed during the pandemic, and such waivers were issued for all 50 states. Under this provision, free meals can be provided to any pupil without income verification, through September 30, 2021. Numerous additional flexibilities have been provided by

the federal government through this waiver process, such as allowing multiple meals to be provided at once, allowing parents or guardians to pick up meals for pupils, and allowing food to be taken to go and eaten at home. Accordingly, meals have been provided to pupils in a variety of ways, including offering curbside pickup, delivering meals on bus routes, or entering into partnerships with community organizations to deliver meals.

7. Assembly Bill 68/Senate Bill 111 would provide an increase of \$2,459,500 GPR in 2021-22 and \$2,559,500 GPR in 2022-23 for the school breakfast program. It is estimated that this level of funding would be sufficient to fully fund payments of \$0.15 per breakfast in each year of the biennium.

8. The Committee may wish to consider providing additional support for the school breakfast program, but at a reduced cost. Based on estimates of program costs in the 2021-23 biennium, an increase of \$721,800 GPR in 2021-22 and \$786,400 GPR in 2022-23 would provide sufficient funding for a reimbursement of \$0.10 per breakfast.

9. The bill would also expand aid eligibility to include independent charter schools, the state's residential schools for blind and deaf pupils, and residential care centers overseen by the Department of Children and Families. Under current law, only public and private schools are eligible to receive state reimbursements under the school breakfast program. DPI estimates that 607,341 breakfasts were served by these institutions in 2019-20 and that reimbursement at \$0.15 per breakfast would have cost approximately \$91,100 in that year. 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.

10. A potential expansion of the current program involves state reimbursement for the cost of reduced-price meals, so that those meals would be provided at no cost to pupils who meet the federal income eligibility guidelines. The payment would be equal to the number of reduced-price meals provided in the previous school year multiplied by the difference in the federal reimbursement for a free meal compared to a reduced-price meal. It is estimated that this additional reimbursement would cost \$2,432,000 GPR annually, which would be provided under the bill.

11. Under the federal school nutrition programs, families qualify for a reduced-price meal with an income of between 130% and 185% of the federal poverty level. For a family of four, this corresponds with an annual income of between \$34,060 and \$48,470 in 2020-21. The proposed new program expansion could particularly benefit families whose incomes are just above the income limit for free meals. It may be difficult for these families to pay even a reduced amount for school meals.

ALTERNATIVES

A. School Breakfast Aid

1. Provide an increase of \$2,459,500 in 2021-22 and \$2,559,500 in 2022-23 for the school breakfast program to fully fund payments of \$0.15 per breakfast in each year of the biennium, 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 the Department of Children and Families.

ALT A1	Change to Base
GPR	\$5,019,000

2. Provide an increase of \$721,800 in 2021-22 and \$786,400 in 2022-23, which would fund payments of \$0.10 per breakfast for the entities eligible for reimbursement under current law.

ALT A2	Change to Base
GPR	\$1,508,200

3. Take no action.

B. Supplemental Nutrition Aid

1. Provide \$2,432,000 annually in a new sum sufficient appropriation for providing reimbursement for the cost of reduced-cost meals, so that those meals would be provided at no cost to eligible pupils.

ALT B1	Change to Base
GPR	\$4,864,000

2. Take no action.

Prepared by: Christa Pugh