



Ohio Legislative Service Commission

Emily W.H. Gephart

Fiscal Note & Local Impact Statement

Bill: [H.B. 255 of the 129th G.A.](#)

Date: June 23, 2011

Status: As Introduced

Sponsor: Rep. Gonzales

Local Impact Statement Procedure Required: No

Contents: Requires school districts and community schools to establish school breakfast programs in buildings rated in academic emergency

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- Under the bill, public schools rated in academic emergency are required to establish school breakfast programs. Of the schools in academic emergency in FY 2010, only two (both community schools) are not required to have breakfast programs under continuing law.
- The two community schools may have both increased expenditures for establishing the program and increased revenues from federal reimbursements and student charges for breakfasts. However, continuing law exempts from the requirement districts and schools that determine they cannot comply due to financial reasons.

Detailed Fiscal Analysis

The bill requires school districts and community schools to establish school breakfast programs in schools declared to be in academic emergency. According to the Ohio Department of Education local report card data, 5.6% of Ohio public schools¹ were rated in academic emergency in FY 2010, and, therefore, are required to have school breakfast programs under the bill. Continuing law requires school districts and community schools to establish school breakfast programs in schools where at least one-fifth of students are eligible for free breakfasts. In FY 2010, 83.6% of Ohio public schools had at least one-fifth of their students eligible for free breakfasts and, therefore, are required to have school breakfast programs under continuing law. Of those schools rated in academic emergency, 99.0% had at least one-fifth of their students eligible for free breakfasts. The remaining 1.0%, rated in academic emergency but with less than one-fifth of their students eligible for free breakfasts, were community schools. These schools may have both increased expenditures for establishing a breakfast program and increased revenues from federal reimbursements and student charges for breakfasts. However, continuing law exempts districts and schools from the school breakfast requirement if they determine they cannot comply due to financial reasons.

The bill requires those districts and schools that determine they cannot comply with the requirement due to financial reasons to develop a financial viability plan that enables the district or school to comply within two years. In addition, schools that are rated in academic emergency must include in their school improvement plans, required under continuing law, implementation of a school breakfast program. Development of financial viability plans and the inclusion of the school breakfast program in existing school improvement plans may add to the administrative duties of existing staff at the district or school, but is not likely to significantly increase expenditures.

For FY 2008 (the most recently available data), the average cost for an Ohio school breakfast program was \$1.46 per breakfast. To at least partially offset the cost of participating in a school breakfast program, cash reimbursements are paid by the U.S. Department of Agriculture to schools for each meal served. The current basic reimbursement rates are \$1.48 for free breakfasts, \$1.18 for reduced-price breakfasts, and \$0.26 for paid breakfasts. Schools may qualify for higher "severe need" reimbursements, which are up to \$0.28 higher than the normal free and reduced-price reimbursements, if 40% of lunches are served free or at a reduced price in the second preceding year. Children from families with incomes at or below 130% of the federal poverty level are eligible for free breakfasts; those with incomes between 130% and 185% of the poverty level are eligible for reduced-price breakfasts. (Currently 130% of the poverty level is \$28,665 for a family of four; 185% is \$40,793.) Schools may charge

¹ Excluded are school buildings rated in academic emergency for FY 2010 but closed as of August 2010.

no more than \$0.30 for reduced-price breakfasts, and although schools may set their own prices for full-price breakfasts, the program must not generate a profit. Federal reimbursements for school breakfasts provided by Ohio public schools totaled \$80.4 million in FY 2010.

No state funds are specifically appropriated for school breakfast programs, however Am. Sub. H.B. 1 of the 128th General Assembly directs that any funds remaining from GRF appropriation item 200505, School Lunch Match, after providing matching funds for the school lunch program be used to partially reimburse schools required to have a school breakfast program. In FY 2010, approximately \$0.6 million was provided to schools for this purpose.

HB0255IN.docx / sle