



State Fiscal Note for Bill Number: 2021-H-5931

Date of State Budget Office Approval: Wednesday, March 31, 2021

Date Requested: Tuesday, March 9, 2021

Date Due: Friday, March 19, 2021

Impact on Expenditures

FY 2021	\$0
FY 2022	\$46,506,678
FY 2023	\$47,343,798

Impact on Revenues

FY 2021	N/A
FY 2022	N/A
FY 2023	N/A

Explanation by State Budget Office:

This act amends RIGL Section 16-8-10, entitled "Mandatory School Lunch Programs," requiring lunches be provided free of charge to all elementary and secondary students attending public schools.

Comments on Sources of Funds:

As written, this bill places the financial responsibility of providing free lunches based on the LEA (Local Education Authority) of attendance. Local districts and charter schools are therefore responsible for providing lunch subsidies for attending students. The state is responsible for providing free lunches at each state school (Davies and the Met Center), as well as the Northern, West Bay, East Bay, and Urban Collaboratives.

Summary of Facts and Assumptions:

General revenues will be appropriated to each individual state school program, as well as the Education Aid program for each collaborative, all housed within the RI Department of Elementary and Secondary Education (RIDE).

BILL INTENTION:

This bill states, "to the extent that federal, state, and other funds are available ... free and reduced price lunches shall be provided to all students." If this bill were to pass, it is unknown if the General Assembly would appropriate additional funds to offset the cost of universal free lunch or if the fiscal impact would fall entirely on local education agencies (LEAs). Additionally, because the mandate is conditional upon the availability of funds, it is possible that the LEA may determine funds to be insufficient and render the universal free lunch mandate to be inoperative.

As a result of this ambiguity, the Budget Office advises interpreting the fiscal impacts presented in this fiscal note as follows:

If one were to assume that the General Assembly would make adequate appropriations to fund the entire marginal cost of providing universal free lunch then the grand total provided in the "Summary of Fiscal Impact" can be interpreted as the general revenue impact to the state.

If one were to assume that the General Assembly would make no additional appropriation and mandate that each LEA be financially responsible for marginal costs associated with providing lunches to all students attending schools which it operates, then the grand total provided in the "Summary of Fiscal Impact" could be interpreted as the expenditure impact to LEAs.

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Finally, if the “to the extent that ... other funds are available” provision is applied to local districts/charters and it is determined financing is not available, and therefore the mandate shall not be applied, there would be no financial impact assessed and therefore no creation of a universal free lunch program.

CALCULATION:

Under current law, some students already receive free and reduced-price lunches. The fiscal impact of implementing this bill is equal to the costs of providing universal free lunch in excess of current subsidies and student revenue. There are no costs in relation to providing lunches to students currently eligible for free lunch in that these lunches are already 100% subsidized with existing funds. There are some costs in relation to providing lunches to students currently eligible for reduced price lunch and for students qualifying for neither free nor reduced price lunch, as the LEA would no longer receive any payments from these students.

The following lunch price assumptions are used in this calculation. These represent the costs paid by the student. The cost to the LEA of providing a lunch is assumed to be equal to the full paid lunch price.

FLP\$ = Free Lunch Price = \$0.00

RLP\$ = Reduced Lunch Price = \$0.40

PLP\$ = Full Paid Lunch Price = USDA Target Lunch Price SY 2020-21 = \$3.09

Source: <https://www.isbe.net/Documents/2020-21-ple-factsheet.pdf>

The following student enrollment, attendance, and participation assumptions are utilized in this calculation. These figures are provided by Department of Elementary and Secondary Education. The number of free and reduced price lunch students has been reduced by 25 percent and made a corresponding increase to the number of paid lunch students assuming that the provision of universal free lunch will reduce compliance with meal benefit applications by 25 percent as there would be reduced incentive for families to provide this information.

FL# = Number of enrolled students qualifying for federal free lunch = 41,281

RL# = Number of enrolled students qualifying for reduced price lunch = 6,202

PL# = Number of enrolled students qualifying for paid lunch = 92,831

AF% = Attendance Factor (Percent of enrolled students assumed to attend school on any given day) = 94%

PF% = Participation Factor (Percentage of attending students assumed to consume a school-provided lunch on any given day) = 95%

The estimate assumes 180 days per school year.

The fiscal impact can be calculated as follows:

Current Free Lunch Students:

$FL\# * AF\% * PF\% * FLP\$ * 180 \text{ days} = 41,281 * 94\% * 95\% * \$0.00 * 180 = \$0.00$

Current Reduced-Price Lunch Students:

$RL\# * AF\% * PF\% * RLP\$ * 180 \text{ days} = 6,202 * 94\% * 95\% * \$0.40 * 180 =$

\$398,763.79

Current Paid-Lunch Students:

PL# * AF% * PF% * PLP\$ * 180 days = 92,831 * 94% * 95% * \$3.09 * 180 =
\$46,107,913.76

Total = \$0.00 + \$398,763.79 + \$46,107,913.76 = \$45,506,678 [rounded]

OTHER ASSUMPTIONS:

There is no estimated cost for FY 2021, because the passage of this bill will likely be at the end of the current fiscal/school year.

In FY 2023, estimates are increased by an inflationary factor of 1.18 percent. This is consistent with the Budget Office's Five-Year Financial Projection for Education Aid.

*Summary of Fiscal
Impact:*

As discussed above, this bill presents the following impact:

FY 2021: \$0

FY 2022: \$46,506,678

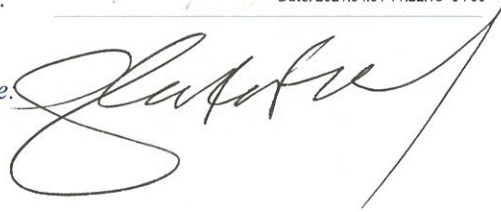
FY 2023: \$47,343,798

The reported fiscal impact represents to total cost of the bill from all sources of funds.

Budget Office Signature:


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Fiscal Advisor Signature:



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