



[HF 2467](#) – School Student Lunches, Food Shaming (LSB5528HV)
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Fiscal Note Version – New

Description

[House File 2467](#) has two sections regarding student lunch debt in Iowa schools:

- Section 1 allows school districts to seek setoff for certain lunch debt pursuant to Iowa Code section [8A.504](#).
- Section 2 requires school districts to provide information to all parents and guardians regarding the application process for Free and Reduced Meals twice annually, and additionally if a student owes lunch debt for five or more meals. This section also requires school districts to provide a reimbursable meal to any student requesting it, unless the parent has specified otherwise; makes provisions prohibiting publicly identifying students with lunch debt; and requires the Department of Education to work with school districts.

The Bill is effective July 1, 2018.

Background

There are an estimated 433 School Food Authorities in the State, made up of the 333 school districts and 100 nonpublic schools. Currently, school districts are not required to offer meals to students with negative meal account balances; school boards are required to maintain policies regarding the handling of students with meal debt. Public schools in Iowa served an estimated 17.0 million breakfasts and 62.3 million lunches in FY 2017. In that year, if all students had eaten school lunch every day of the 180-day school year, there would have been 87.0 million lunches served.

In order to be compliant with the U.S. Department of Agriculture's (USDA) requirements for the National School Lunch Program (Free and Reduced Lunch Program), school food authorities provide information annually regarding free and reduced lunch. Some school districts may already notify families multiple times of the program application process, and many districts complete targeted follow-up with families that have lapsed applications.

Assumptions

Section 1

- Districts will be unable to retrieve funds under the described setoff procedure in Section 1 because they do not have access to parents' Social Security numbers. It is assumed districts will not use additional staff time if they are not able to use the setoff procedure.

Section 2

- School Food Authorities already notify families of the Free and Reduced Lunch Program at least once in order to meet USDA requirements; a second notification may incur additional cost if districts are not already notifying a second time.
- Increased staff time will be needed to sort and identify the students with more than five unpaid meals and to subsequently contact these families each week of the school year.

- It is assumed that both the second notification and notification after five or more unpaid meals will be completed by a clerical staff member, at an estimated cost of \$12 an hour.
- An additional 20.0% of meals will be served under the provision that districts provide a reimbursable meal to any student who requests one. This equates to an additional 3,410,000 breakfast meals and 12,450,000 lunch meals.
- The ratio of full price meals to reduced-price meals will remain consistent with current amounts. Currently, 33.5% of school meals are free, 7.0% are reduced-price, and 59.5% are full-price. However, because students receiving free meals would receive a meal regardless of meal debt, the entire 20.0% increase is divided across full-price and reduced-price meals. For the purpose of this calculation it is assumed that 25.0% of the new meals will be reduced-price meals, which will receive partial reimbursement, and 75.0% will be full-priced meals.
- School food authorities that participate in the USDA's Free and Reduced Lunch Program are required to offer meals at cost; it is estimated that reduced-price breakfasts cost \$0.30 per meal to districts; reduced price lunches cost \$0.40 per meal. This is the total that would not be reimbursed if the meal remained unpaid.
- It is estimated that full-price breakfasts cost \$1.50 per meal; full-price lunches cost \$2.75 per meal. These costs will vary by school district.

Fiscal Impact

The estimated increase in cost in staffing within school food authorities is \$245,600. This includes an estimated \$58,500 for the second notification regarding the Free and Reduced Lunch Program, 217 hours of staff time to produce and send the notification, and the cost of sending the notification. The total also includes \$187,100 for the account monitoring and notification for students with more than five unpaid meals; this total assumes that account monitoring and notification take 433 hours, or an hour per week per school food authority for 36 weeks.

Table 1 shows the estimated increase in the number of new meals served and new unpaid meals. This table does not include current outstanding meal debt and does not include any potential effect on meal debt for the currently served number of meals. It is possible that without the mechanism of withheld meals, the total amount of debt for the number of currently provided meals may increase significantly; this total cannot be determined at this time because data regarding total current meal debt is not available.

**Table 1
Estimates of Increase in Unpaid Meal Balances for School Food Authorities**

	<u>Est. New Meals</u>	<u>Est. Percent Unpaid</u>	<u>Est. New Unpaid Meals</u>	<u>Est. Increase in Unpaid Meal Balances</u>
Est. New Reduced Price Breakfast	851,260	50% - 75%	425,630 - 638,445	\$ 127,689 - 191,533
Est. New Full Price Breakfast	2,553,779	25% - 50%	638,445 - 1,276,890	\$ 957,667 - 1,915,334
Est. New Reduced Price Lunch	3,113,187	50% - 75%	1,556,594 - 2,334,891	\$ 622,637 - 933,956
Est. New Full Price Lunch	9,339,562	25% - 50%	2,334,897 - 4,669,781	\$ 6,420,949 - 12,841,898
Total	<u>15,857,789</u>		<u>4,955,559 - 8,920,006</u>	<u>\$ 8,128,943 - 15,882,722</u>

Totals may not sum due to rounding.

Sources

Department of Education
LSA analysis and calculations

/s/ Holly M. Lyons

March 5, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
