



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # HB0648

Title: Create state program to incentivize school breakfast program

Primary Sponsor: Farris-Olsen, Robert

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
Expenditures:				
General Fund	\$0	\$250,000	\$250,000	\$250,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$250,000)</u>	<u>(\$250,000)</u>	<u>(\$250,000)</u>

Description of fiscal impact: HB 648 provides a 5 cent per participant incentive to public school districts for increasing participation in school breakfast programs. The bill appropriates \$250,000 of state general fund to the Office of Public Instruction (OPI) for distribution to schools.

FISCAL ANALYSIS

Assumptions:

1. HB 648 proposes a 5-cent incentive per breakfast served in K-12 public schools based on defined increases in the number of students served.
2. The bill provides an appropriation in the amount of \$250,000 for FY 2021 defining the legislative intent that \$250,000 per year be included in the ongoing base budget for OPI.
3. The OPI would distribute the funds as five cents per free and reduced-price and per paid breakfast served in the prior year in a tiered prioritization as directed by the bill and shown below:
 - Schools with a breakfast participation rate less than 70% in the prior year with an increase in participation of more than 10% from two years prior to one year prior;
 - Schools with a breakfast participation rate greater than or equal to 70% in the prior year with an increase in participation of more than 5% from two years prior to one year prior; and
 - Schools that maintain a breakfast participation rate of 80% or higher.

4. If sufficient funds are not appropriated, the available funds must be prorated.
5. In addition to distributing the funds to schools, the bill requires the OPI to advertise the incentives, provide technical assistance to schools for the purpose of earning the incentives, collaborate with the Montana no kid hungry campaign to survey schools at the start of every school year regarding the school breakfast programs and delivery models and, as part of the survey, invite schools to opt in to participate in the incentive program, and finally to prepare an annual report to the governor and legislature on the annual cost, number, and percentage of students who receive free or reduced-price breakfasts and the impacts of the incentive program.
6. In FY 2018, Montana public schools spent \$58.3 million on school nutrition programs, funded as \$48.1 million federal, \$0.6 million state, and \$9.6 million local. Of the total, \$10.4 million was spent on the school breakfast program.
7. There are 180 days in a school year. The incentive per student is $180 \times 0.05 = \$9.00$ per student per school year.
8. In FY 2018, 66,620 students were eligible for free or reduced breakfast and 5.9 million free or reduced and paid breakfasts were served statewide. Currently, the OPI anticipates 7% growth in FY 2019 and 5% growth in FY 2020.
9. The OPI has determined the \$250,000 appropriation would be adequate to fully fund the proposed distribution. If there are funds remaining from the appropriation after distributions to schools have been made, the funds could be used to address administrative costs associated with the program.

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assistance	\$0	\$250,000	\$250,000	\$250,000
TOTAL Expenditures	<u>\$0</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>
 <u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$250,000	\$250,000	\$250,000
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>
 <u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$250,000)	(\$250,000)	(\$250,000)

SPRO
 Sponsor's Initials

 3/11/19
 Date

 TL
 Budget Director's Initials

 3/9/19
 Date