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Joint Fiscal Office

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Fiscal Note

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S.100 – Universal School Meals Act **As recommended by the House Committee on Education**

<https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Education/Bills/S.100/Drafts,%20Amendments,%20and%20Legal%20Documents/S.100~Elizabeth%20St.%20James~As%20Recommended%20by%20the%20House%20Committee%20on%20Education~4-7-2022.pdf>

Bill Summary

This bill requires all public schools in Vermont to provide school meals (breakfast and lunch) to all students at no charge to families, and for independent schools to provide school meals to all students attending on public tuition at no charge. The bill also requires the development of a universal income declaration form to be implemented statewide for the 2023-24 school year. This proposal is for FY 2023 and requires a report on impact and status of implementation and a report on possible revenue options for future year funding

Fiscal Impact

JFO estimates the bill would have a \$29.2 million impact on the Education Fund and a \$500,000 impact on the General Fund for Fiscal Year 2023.

The bill contains two appropriations from the Education Fund for FY 2023:

- \$29 million for the Agency of Education to provide reimbursement for school meals;
- \$200,000 for the Agency of Education to pay for operating expenses associated with the creation of an electronic universal income declaration form.

The bill contains one appropriation from the General Fund for FY 2023:

- \$500,000 for the Agency of Education to pay for five new full-time, classified positions.

Background and Details

The following sections have a fiscal impact.

Section 3

Section 3 mandates that each public school¹ provide daily breakfast and lunch to attending students at no cost to the students or their families. Section 3 also requires independent schools¹ to provide daily breakfast and lunch at no cost to each student attending on public tuition.

¹ This is specific to all schools operating a school breakfast and lunch program recognized under the National Child Nutrition Act and the National School Lunch Act.

JFO estimates the annual cost for the provision of universal school meals to all public-school students, and all students attending independent schools on public tuition to be between \$25 million and \$42 million per year.²

This cost heavily depends on two factors – the percentage of students eligible for free and reduced lunch from the Federal Government, and the average participation rate of students eating meals. A lower percentage of students eligible for free and reduced lunch from the Federal government results in higher costs to the State. A higher participation rate also leads to higher costs to the State.³

For Fiscal Year 2023, JFO estimates the provision of universal breakfast and lunch to cost approximately \$29 million. This estimate assumes 30% of students eligible for free and reduced-price meals, and current average participation rates (60% participation in breakfast, and 75% participation in lunch).

If universal meals are continued, JFO estimates that the cost will increase over time to \$37 million. The annual cost is expected to increase for a number of reasons, including an anticipated decrease in students eligible for free and reduced-price meals in accordance with current trends as well as a potential behavior shift, and an anticipated increase in student participation rates.

Section 5

Section 5 appropriates \$29 million from the Education Fund to the Agency of Education in Fiscal Year 2023 for the reimbursement of school meals outlined in Section 3.

Section 6

Section 6 includes an appropriation of \$500,000 from the General Fund to the Agency of Education for Fiscal Year 2023 for the salaries, benefits, and operating expenses for five new positions created in the Agency of Education.

Section 7

Section 7 includes an appropriation of \$200,000 from the Education Fund to the Agency of Education for Fiscal Year 2023 for operating expenses associated with the creation of the electronic universal income declaration form.

² This range has been updated since previous estimates to reflect the additional cost of including independent schools.

³ For additional insight and background, please reference JFO's previous fiscal note on S.100:
https://ljfo.vermont.gov/assets/Publications/Senate-Bills/71933a7238/GENERAL-353887-v8-FiscalNotes_S.100_031021-002.pdf

Appendix:

As described above, the cost of the provision of universal school meals largely depends on two factors – the percentage of students eligible for free and reduced lunch from the Federal Government, and the average participation rate of students eating meals. A lower percentage of students eligible for free and reduced lunch leads to higher costs to the State. A higher participation rate also leads to higher costs to the State. The following table outlines the range of costs associated with different assumptions of these cost factors:

Estimated cost range of provision of school meals (Costs in millions of dollars)				
Percentage of students eligible for free and reduced-price meals	Percentage of student participation			
	Average participation (60/75% participate)	Medium-high participation (80/85% participate)	High Participation (90% participate)	Max Participation (95% participate)
Average Enrollment (40% qualify for Fed \$) ⁴	\$25	\$29	\$32	\$33
Forecasted trend (35% Enrollment)	\$27	\$32	\$34	\$36
30% enrollment	\$29	\$34	\$37	\$39
Directly Certified (24% qualify automatically for Fed \$)	\$31	\$37	\$40	\$42

⁴ Between FY15 and FY22, 40% of students received free and reduced-price meals.