

# Review of Costs and Funding of Universal School Meals in Vermont

House Committee on Ways and Means

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# Primary cost factors of a statewide universal school meals (USM) program

Primary factors drive the cost of a USM program:

1. Overall student participation rate
  - Higher participation rate leads to higher costs for the State
2. Percent of participating students who are eligible for the federal free and reduced-price meals program
  - A lower percentage of students eligible for the federal programs leads to higher costs to the State
3. Difference between federal school meal reimbursement rates
  - A larger difference between reimbursement rates leads to higher costs to the State
4. Number of eligible entities available to receive the universal meals supplement
  - A larger number of eligible entities leads to higher costs to the State



# Estimated Costs for FY 2024 for *H.165* – As Recommended by the House Committee on Agriculture, Food Resiliency, and Forestry

- JFO estimates the USM program outlined in *H.165* – the House Committee on Agriculture, Food Resiliency, and Forestry would cost \$26 million - \$32 million in FY 2024

Percentage of students eligible for free and reduced-price meals	Percentage of Student Participation	
	October 2022 Participation (38.63% participate in breakfast, 60.55% participate in lunch)	Increase to Oct 2022 Participation of ~ 5% (45% participate in breakfast, 65% participate in lunch)
<b>Fall 2019 Percentage</b> (38.23% qualified for free and reduced-price meals)	\$26 million	\$29 million
<b>October 2022 Percentage</b> (34.85% qualified for free and reduced-price meals)	\$28 million	\$32 million

Notes:

1. Cost estimates will be refined as more data becomes available
2. The modeling includes steady enrollment of nonprofit prequalified private prekindergarten providers that have been included in public school food authorities in recent years.



# USM, the Education Fund, and Property Taxes

- Property taxes are adjusted to ensure that all education expenditures are fully funded
  - If non-property tax revenue sources are not adjusted, any additional costs to the EF will be funded by property tax revenues
- If the USM program were established as an ongoing obligation of the EF, and no non-property tax revenue streams were adjusted, the General Assembly would have to raise property taxes to fund the program and keep the EF balanced.
- **All else equal, fully funding USM through property taxes would result in an *approximate* \$0.03 increase on both the homestead property tax rate and the nonhomestead property tax rate**



# Questions?



# Resources

- 2023 Report on Possible Revenue Sources for Universal School Meals, Joint Fiscal Office
  - [https://ljfo.vermont.gov/assets/Subjects/2023-Session-Documents/b1e815752c/GENERAL-366503-v1-USM Revenue Report v2.pdf](https://ljfo.vermont.gov/assets/Subjects/2023-Session-Documents/b1e815752c/GENERAL-366503-v1-USM_Revenue_Report_v2.pdf)
- 2023 Vermont Tax Expenditures Biennial Report, Joint Fiscal Office
  - <https://ljfo.vermont.gov/assets/Subjects/Tax-Expenditure-Reports/3f5011dba8/2023-Tax-Expenditure-Report-v2.pdf>
- Act 151 of 2022
  - <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT151/ACT151%20As%20Enacted.pdf>

