

Multiple Agency Fiscal Note Summary

Bill Number: 1295 E 3S HB	Title: Breakfast after the bell
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Superintendent of Public Instruction	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Superintendent of Public Instruction	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Loc School dist-SPI	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Other **									
Local Gov. Total									

Estimated Capital Budget Impact

NONE

Prepared by: Kate Davis, OFM	Phone: (360) 902-0570	Date Published: Revised 2/22/2016
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

ENPID: 44160

FNS029 Multi Agency rollout

Individual State Agency Fiscal Note

Bill Number: 1295 E 3S HB	Title: Breakfast after the bell	Agency: 350-Supt of Public Instruction
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Ailey Kato	Phone: 786-7434	Date: 01/29/2016
Agency Preparation: Jami Marcott	Phone: (360) 725-6230	Date: 02/03/2016
Agency Approval: Mike Woods	Phone: 360 725-6283	Date: 02/03/2016
OFM Review: Kate Davis	Phone: (360) 902-0570	Date: 02/03/2016

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Changes in E3SHB 1295 compared to 2SHB 1295:

Section 3(4) adds the requirement when choosing foods to serve in a breakfast after the bell program, schools must give preference to foods that are healthy, fresh, and Washington-grown. In addition, each food item served must contain less than twenty-five percent by weight added sugar.

Sections 6 is an addition acknowledging that OSPI, school districts, and affected schools shall implement the provisions of this act only after funding is specifically provided for the purposes of the act, referencing this act by bill or chapter number, in a biennial or supplemental operating budget.

Section 7 is an addition that states OSPI may convene a work group to determine how to reduce the sugar content in all school meals with the goal of reaching twenty-five percent by weight added sugar. Any report or recommendations from this work group should be submitted to the appropriate committees of the legislature and to school districts.

The changes in the bill do not change OSPI's fiscal impact estimate.

Summary of E3SHB 1295

Section 3 (1)(a) Beginning in the 2017-18 school year, each high needs school shall offer Breakfast after the Bell (BAB) to each student and provide adequate time for students to eat.

High needs school means any public school (a) that has an enrollment of seventy percent or more students eligible for free or reduced-price meals in the prior school year; or (b) that is using provision two of the national school lunch act or the community eligibility provision under section 104(a) of the federal healthy, hunger-free kids act of 2010 to provide universal meals and that has a claiming percentage for free or reduced-price meals of seventy percent or more.

The state shall provide and OSPI shall administer, one-time start-up allocation grants of six thousand dollars to each high-needs school implementing a breakfast after the bell program. The grant must be used for the costs associated with launching a breakfast after the bell program, including, but not limited to, equipment purchases, training, additional staff costs, and janitorial services.

Section 3(2) OSPI shall evaluate individual participation rates annually and make participation rates publicly available.

Section 3(4) requires when choosing foods to serve in a breakfast after the bell program, schools must give preference to foods that are healthy, fresh, and Washington-grown. In addition, each food item served must contain less than twenty-five percent by weight added sugar.

Section 4 (1) Before January 2, 2017, OSPI shall develop and distribute procedures and guidelines for the implementation of section 3 of this act, which must be in compliance with federal regulations governing the school breakfast program. These guidelines must include ways schools and districts can solicit and consider the input of families regarding implementation and continued operation of breakfast after the bell programs.

Section 4 (2) OSPI shall dedicate staff to offer training and technical and marketing assistance to all public schools and school districts related to offering breakfast after the bell, including assistance with various funding options available to high-needs schools including the community eligibility provision under 42 U.S.C. Sec.1759a(a)(1), programs under provision two of the national school lunch act, and claims for reimbursement under the school breakfast program.

Section 4 (3) OSPI shall collaborate with nonprofit organizations knowledgeable about equity, the opportunity gap, hunger and food security issues and best practices for improving student access to breakfast. OSPI shall maintain a list of opportunities for philanthropic support of school breakfast programs and make the list available to schools interested in breakfast after the bell.

Section 6 adds the null and void clause

Section 7 states OSPI may convene a work group to determine how to reduce the sugar content in all school meals with the goal of reaching twenty-five percent by weight added sugar. Any report or recommendations from this work group should be submitted to the appropriate committees of the legislature and to school districts.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

OSPI receives federal funds from the U.S. Department of Agriculture based on the number meals served in schools. The increase in the number of meals served by the school districts implementing this bill cannot be projected. Therefore the impact on federal child nutrition revenues to OSPI (funds that would be expended by OSPI as Object N grants to districts, commonly referred to as "reimbursements") cannot be determined.

OSPI receives annual State Administrative Expenditure (SAE) funds from the U.S. Department of Agriculture for administrative expenses associated with Child Nutrition programs. The SAE amounts are based on number of meals served. Because we cannot estimate the increase in meals served, we cannot estimate the increase in SAE funds.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 3 (1)(a) The state shall provide and OSPI shall administer, one-time start-up allocation grants of six thousand dollars to each high-needs school implementing a Breakfast after the Bell (BAB) program.

Section 3 (2) OSPI shall evaluate individual participation rates annually and make the participation rates publicly available.

Section 3(4) Requires that schools must give preference to foods that are healthy, fresh, and Washington-grown and that each food item must contain less than twenty-five percent by weight added sugar.

Section 4(1,2) Requires OSPI to dedicate staff to develop and distribute procedures and guidelines before January 2, 2017, provide technical assistance, training, promotion, and outreach to schools regarding breakfast programs and different service models.

Section 4(3) OSPI shall collaborate with nonprofit organizations knowledgeable about equity, the opportunity gap, hunger and food security issues and best practices for improving student access to breakfast and maintain a list of opportunities for philanthropic support of school breakfast programs and make the list available to schools interested in BAB.

Section 4 (4) OSPI shall incorporate the annual collection of information about BAB delivery models into existing data systems and make the information publicly available.

Section 7 states that OSPI may convene a work group to determine how to reduce the sugar content in all school meals with the goal of reaching twenty-five percent by weight added sugar. Any report or recommendations from this work group should be submitted to the appropriate committees of the legislature and to school districts. Because this section is optional there are no required costs to OSPI.

State funding impact:

1.0 FTE – Admin Prog Specialist 1 for 2 years to implement and administer the program. Currently, OSPI's Child Nutrition Services staff are 100% funded with federal funds. Federal funds cannot be used to support state mandated programs.

Projected costs will be \$114,000 in FY17 for salaries, benefits, standard goods and services, travel, and one-time capital outlay for office set up. FY18 costs will be \$109,000.

Based on preliminary data from October 2015, there are 429 schools that meet the definition of high needs schools. The total amount of state funds needed to provide \$6,000 one-time start up grants equals \$2,574,000.

We estimate the cost to modify our current data systems to track delivery models for those schools participating in BAB will be \$4,000. A drop down list to indicate the type of service model used would need to be added and a report to filter this information so that we can make it publicly available. This estimate is based on 40 hours at \$100 an hour for system enhancements from our vendor.

Currently, OSPI collaborates with most advocates in regards to Child Nutrition programs and disseminates every grant opportunity to all of our sponsors (WithinReach, Children's Alliance, Dairy Commission, School's Out Washington, etc.). There would be no additional costs to collaborate with nonprofit organizations, and maintain and make a list available of opportunities for philanthropic support of school breakfast programs to schools interested in BAB.

OSPI currently posts school participation rates to the public annually. It would not be difficult to display a separate listing of those schools by district that participate in any of the BAB options. Therefore, there would be no additional costs.

Giving preference to foods that are Washington-grown and contain less than twenty-five percent by weight added sugar could increase food costs as well as limit the available options seasonally.

OSPI receives an annual \$7.11M appropriation of state funds for multiple uses including reimbursements to districts for breakfasts served and assistance to districts in initiating and expanding school breakfast programs. If this bill causes an increase in the number of breakfasts served as well as an increase in food costs, OSPI could need to make slight adjustments to the allocation of the proviso funds.

OSPI currently has a variety of work groups, made up of a majority of advocates, already established for breakfast, supper and summer meals. These existing groups could easily address the goal of reducing sugar content in meals without additional cost to the state.

Federal funding impact:

OSPI cannot project the increase in the number of meals served that may result from implementation of this bill. Therefore expenditures of federal Child Nutrition funds as grants to schools (commonly known as reimbursements) is indeterminate.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Breakfast After the Bell (E3SHB 1295)

Impact Summary

OSPI

Schools

Cash Receipts

Indeterminate Federal Revenue

OSPI assumes federal revenue from the U.S. Department of Agriculture for payments to districts will increase, but OSPI cannot predict the increase in the number of meals served.

OSPI receives annual State Administrative Expenditure (SAE) federal funds from the U.S. Department of Agriculture for administrative expenses associated with Child Nutrition programs. The SAE amounts are based on number of meals served. Because we cannot estimate the increase in the number of meals served, we cannot estimate in the increase in SAE funds.

Expenditures

State Funded Staff Costs - FY17 = \$114,000, FY18 = \$109,000

State Funded Grants to Schools = FY18 \$2,574,000 (429 X \$6,000)

State Funded Data System Modification = FY18 \$4,000

Indeterminate State Funds

OSPI currently has a \$7.11M yearly approp for multiple allowable uses including reimbursements to school districts for breakfasts served and for assistance to districts in initiating and expanding school breakfast programs. Increases in the number of breakfasts served may result in minor reallocation of the resources available under this proviso.

Indeterminate Federal Funds

Payment of federal funds to districts will increase an indeterminate amount based on an increase in the number of meals served.

FY18 Impact = \$2,574,000 (429 X \$6,000)

Per Section 3(1)(a), schools would receive one-time \$6,000 state-funded start up grants. OSPI assumes the grants would be awarded in SFY18 for the school year following OSPI's development of procedures and guidelines.

Indeterminate

Federal revenues from OSPI for meals would increase if the number of meals served increased. OSPI cannot predict the increase in the number of meals served.

State revenues from OSPI's \$7.11M yearly appropriation may be reallocated slightly if the number of breakfasts served increases.

FY18 = \$2,574,000 one-time expenditures for start-up costs.

Indeterminate

Districts costs to offer food service programs will be dependent upon the model chosen to serve Breakfast After the Bell.

Individual State Agency Fiscal Note

Revised

Bill Number: 1295 E 3S HB	Title: Breakfast after the bell	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Ailey Kato	Phone: 786-7434	Date: 01/29/2016
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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Changes in E3SHB 1295 compared to 2SHB 1295:

Section 3(4) adds the requirement when choosing foods to serve in a breakfast after the bell program, schools must give preference to foods that are healthy, fresh, and Washington-grown. In addition, each food item served must contain less than twenty-five percent by weight added sugar.

Sections 6 is an addition acknowledging that OSPI, school districts, and affected schools shall implement the provisions of this act only after funding is specifically provided for the purposes of the act, referencing this act by bill or chapter number, in a biennial or supplemental operating budget.

The changes to the bill do not change OSPI's estimate of fiscal impacts.

Summary of E3SHB 1295

Section 3 (1)(a) Beginning in the 2017-18 school year, each high needs school shall offer Breakfast after the Bell (BAB) to each student and provide adequate time for students to eat.

High needs school means any public school (a) that has an enrollment of seventy percent or more students eligible for free or reduced-price meals in the prior school year; or (b) that is using provision two of the national school lunch act or the community eligibility provision under section 104(a) of the federal healthy, hunger-free kids act of 2010 to provide universal meals and that has a claiming percentage for free or reduced-price meals of seventy percent or more.

The state shall provide and OSPI shall administer, one-time start-up allocation grants of six thousand dollars to each high-needs school implementing a breakfast after the bell program. The grant must be used for the costs associated with launching a breakfast after the bell program, including, but not limited to, equipment purchases, training, additional staff costs, and janitorial services.

Section 3 (1)(b) All public schools are encouraged to offer breakfast after the bell.

Section 3 (2) High-needs schools with at least seventy percent of free or reduced price eligible children participating in both school lunch and breakfast are exempt from the provisions of section 3 (1).

Section 3 (3)(a) Each high-needs school may determine the breakfast after the bell service model that best suits its students. Service models include, but are not limited to, breakfast in the classroom, grab and go breakfast, and second chance breakfast.

Section 3(4) requires when choosing foods to serve in a breakfast after the bell program, schools must give preference to foods that are healthy, fresh, and Washington-grown. In addition, each food item served must contain less than twenty-five percent by weight added sugar.

Section 5 - Defines instructional hours and amends RCW 28A.150.205 to as long as students are provided the opportunity to engage in educational activity concurrently with the consumption of breakfast, the period of time designated for student participation in breakfast after the bell must be considered instructional hours.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 3 (1)(a) The state shall provide and OSPI shall administer, one-time start-up allocation grants of six thousand dollars to each high-needs school implementing a breakfast after the bell program.

Based on preliminary data from October 2015, there are 429 schools that meet the definition of high needs schools.

OSPI assumes the grants would be awarded in SFY18 for the 2017-18 school year following OSPI's development of procedures and guidelines.

FY18 Impact=\$2,574,000 (429 x \$6,000).

Cash receipts of federal funds passed through by OSPI are indeterminate, as this amount is based on participation and OSPI can't predict how many additional students would participate in Breakfast After the Bell.

This bill requires preference be given to Washington-grown foods. This could cause an increase in food costs.

Since school districts are reimbursed on a per meal basis, it is reasonable to assume that the cash receipts received would increase over time.

School districts are reimbursed for the 2015-16 year at the following rates for high needs schools:

- Federal - \$1.99, free status, \$1.69, reduced status, and \$.29, paid status.
- State - \$.17, free and reduced price status. Reduced price breakfast also receives an additional \$0.30 to equal the co-pay that students would have been charged but is covered by state funding. The allocation of the state funds may change slightly if this bill causes an increase in the number of breakfasts served and an increase in food costs.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The impact of this bill is indeterminate because OSPI does not know how many students will choose to participate, which service model districts will use, or if it will cause an increase in food costs.

In school year 2017-18, all schools with 70% or more students on free and reduced lunch must offer breakfast after the bell to each student in the school. For schools with breakfast participation rates of 70% or more, this is optional. High needs school means any public school (a) that has an enrollment of seventy percent or more students eligible for free or reduced-price meals in the prior school year; or (b) that is using provision two of the national school lunch act or the community eligibility provision under section 104(a) of the federal healthy, hunger-free kids act of 2010 to provide universal meals and that has a claiming percentage for free or reduced-price meals of seventy percent or more.

Based on preliminary data from October 2015, there are 123 districts with 429 schools that meet the definition of high needs schools. A total of 174,549 students would have access to breakfast each day as part of the school day. Of this number, 141,310 qualify for free meals (79.36%), 10,602 qualify for reduced price meals (5.95%) and 25,699 qualify as full price (14.69%). Average daily participation increases are difficult to estimate and

would greatly depend upon the type of delivery system these schools choose to implement to serve breakfast after the bell has rung. Last year, the average daily participation for breakfast statewide was 174,256.

Section 3 (1)(a) The state shall provide and OSPI shall administer, one-time start-up allocation grants of six thousand dollars to each high-needs school implementing a breakfast after the bell program.

OSPI assumes the grants would be awarded in SFY17 for the 2016-17 school year following OSPI's development of procedures and guidelines.

FY18 Impact=\$2,574,000 (429 x \$6,000).

We are unable to determine how much or how many schools may incur additional costs, it would depend upon the method of service chosen. We assume a grab and go model would be the least expensive, whereas, breakfast served in the class is assumed to be the most expensive. Some districts might be able to implement breakfast in the classroom without any additional staff if they already have a sufficient number of staff available or they may use student help to take the breakfasts to the classroom. These districts may need funds just to cover startup costs for additional equipment, supplies, and promotional materials.

Other districts may need to employ additional staff, especially since staff will be needed for a longer time in the morning to service breakfast, which may take away staff time from the preparation of lunch. The average compensation rate (salary and benefits) for food service workers is \$23.63 per hour; for custodial staff \$27.01 per hour. In addition, the breakfast in the classroom model often relies on teachers to conduct the point of service meal count.

According to the Report 1800 Series – Analysis of Food Service Operations for FY 2012-13, 250 schools lost money on their food service programs, while 31 districts ended the year in the black. There are 14 districts that do not participate in either of the federal breakfast or lunch programs.

OSPI assumes that if the breakfast program participation increased by 60% that the profit/loss for each of schools would follow the same trend. However, estimated expenditures cannot be predicted as OSPI does not know which method of service each of the districts impacted would choose to use and what their staffing and equipment needs might be. In some instances, we would assume that some of these schools would gain efficiencies as they would be able to prepare an increased number of meals without having to bring on more staff.

Impact of the twenty-five percent added sugar limit: The bill mandates that each food item served must contain less than twenty-five percent by weight added sugar. Current nutrition labeling laws do not require manufacturer's to separate out natural occurring sugar from added sugar. Food services will have to rely on total sugar in the calculation. This could result in additional time needed to plan menus; and it may impact the variety and costs of food served.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Breakfast After the Bell (E3SHB 1295)

Impact Summary

OSPI

Schools

Cash Receipts

Indeterminate Federal Revenue

OSPI assumes federal revenue from the U.S. Department of Agriculture for payments to districts will increase, but OSPI cannot predict the increase in the number of meals served.

OSPI receives annual State Administrative Expenditure (SAE) federal funds from the U.S. Department of Agriculture for administrative expenses associated with Child Nutrition programs. The SAE amounts are based on number of meals served. Because we cannot estimate the increase in the number of meals served, we cannot estimate in the increase in SAE funds.

FY18 Impact = \$2,574,000 (429 X \$6,000)

Per Section 3(1)(a), schools would receive one-time \$6,000 state-funded start up grants. OSPI assumes the grants would be awarded in SFY18 for the school year following OSPI's development of procedures and guidelines.

Indeterminate

Federal revenues from OSPI for meals would increase if the number of meals served increased. OSPI cannot predict the increase in the number of meals served.

State revenues from OSPI's \$7.11M yearly appropriation may be reallocated slightly if the number of breakfasts served increases.

Expenditures

State Funded Staff Costs - FY17 = \$114,000, FY18 = \$109,000

State Funded Grants to Schools = FY18 \$2,574,000 (429 X \$6,000)

State Funded Data System Modification = FY18 \$4,000

Indeterminate State Funds

OSPI currently has a \$7.11M yearly approp for multiple allowable uses including reimbursements to school districts for breakfasts served and for assistance to districts in initiating and expanding school breakfast programs. Increases in the number of breakfasts served may result in minor reallocation of the resources available under this proviso.

Indeterminate Federal Funds

Payment of federal funds to districts will increase an indeterminate amount based on an increase in the number of meals served.

FY18 = \$2,574,000 one-time expenditures for start-up costs.

Indeterminate

Districts costs to offer food service programs will be dependent upon the model chosen to serve Breakfast After the Bell.