

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

2024 South Dakota Legislature

FISCAL NOTE 2024-FN1042A

HB1042, An Act to establish parameters for the reimbursement of school districts that provide free or reduced price meals to students.

HB1042 changes how a public school district may charge for any meal provided through the school food services program. This bill does not allow a public school district to impose a charge upon a student for any meal provided through the school food services program if the student is eligible for free or reduced meals through the National School Lunch Program or School Breakfast Program.

The bill directs the Department of Education to use moneys appropriated in the General Appropriations Act to reimburse public school districts for the costs incurred for providing meals to students who are eligible for free or reduce meals less any amounts received through the National School Lunch Program or the School Breakfast Program.

The fiscal impact to the State for this bill for fiscal year 2025 could be a total **\$629,790** (\$472,586 for school lunches and \$157,204 for breakfast). This is based on a state average school lunch cost of \$4.77 and breakfast cost of \$2.78 in fiscal year 2025. Each school district has different meal costs and each school district will be impacted differently depending on the number of free, reduced, and paid meals.

The fiscal impact of this bill was calculated with data provided by the Department of Education. The calculation did not consider meals provided during the COVID affected years as those appear to be outliers in the data. The fiscal impact of this bill will change if students who are eligible for free and reduced meals complete an application with a school district.

National School Lunch Program Meals Provided to Public Schools					Federal Reimbursement of the National School Lunch Program					Remaining Need for Free & Reduced	
Program	Year	Free	Reduced	Paid	Total	Free	Reduced	Paid	Total		
	2024-25	4,344,217	1,083,413	8,480,635	13,908,265	\$ 20,742,891	\$ 4,700,524	\$ 7,802,997	\$ 33,246,412	\$ 472,586	
					Total Need for Free & Reduced						
					\$ 25,916,002						

School Breakfast Program Meals Provided to Public Schools					Federal Reimbursement of the School Breakfast Program					Remaining Need for Free & Reduced	
Program	Year	Free	Reduced	Paid	Total	Free	Reduced	Paid	Total		
	2024-25	2,020,550	381,859	1,454,462	3,856,871	\$ 5,614,075	\$ 903,786	\$ 786,500	\$ 7,304,361	\$ 157,204	
					Total Need for Free & Reduced						
					\$ 6,675,065						

APPROVED BY: /s/ John McCullough
Director, Legislative Research Council

DATE: 1/22/2024