

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

2026 South Dakota Legislature

FISCAL NOTE 2026-FN1082A

HB1082, An Act to establish parameters for the reimbursement of school districts that provide free or reduced-price meals to students.

HB1082 would require the Department of Education to reimburse school districts for meals the districts serve through the National School Lunch Program (NSLP) and the School Breakfast Program (SBP) to students eligible for reduced-price meals through those programs.

The last paragraph of the bill states the department would reimburse districts for "costs incurred...in providing meals to students who are eligible for reduced-price meals...less any amount reimbursed through the National School Lunch Program or the School Breakfast Program." A [2019 study](#) by the US Department of Agriculture found that, in the 2014-2015 school year, the average cost of producing an NSLP lunch was \$3.81, and the average cost of producing an SBP breakfast was \$2.72. Adjusting for inflation, the estimated cost to districts per NSLP lunch in 2026 is \$5.34 and per SBP breakfast is \$3.81.

Depending on the district's level of need, the NSLP reduced-price reimbursement rate is either \$4.29 or \$4.31 per lunch, and the SBP reduced-price reimbursement rate is either \$2.16 or \$2.64 per breakfast. If the department were responsible for the difference between the cost to districts per meal and the federal reimbursement per meal, the ongoing annual cost to the state general fund from HB1082 would be an estimated \$1,804,917, based on the number of meals served statewide by school districts to reduced-price-eligible students in FY2025.¹

If the department were only responsible for reimbursing districts the difference between the federal reimbursement per meal for meals served to students eligible for free meals and the federal reimbursement per meal for meals served to students eligible for reduced-price meals, the cost to the department would be \$0.40 per lunch served and \$0.30 per breakfast served. The ongoing annual cost to the state general fund from HB1082, in this case, would be approximately \$592,517.

APPROVED BY: /s/ John McCullough
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¹ In FY2025, there were 1,166,561 lunches and 419,641 breakfasts served statewide by school districts to reduced-price-eligible students, according to South Dakota Department of Education data.