

Schools receive three different rates of reimbursement for three separate categories of students: reduced-price, free, and paid. Students qualify each category based on their family income reported on the Free and Reduced Meal Application through the Colorado Department of Education (CDE). Schools receive reimbursements based on approved applications. For the 2012-13 school year, the USDA reimbursed Colorado schools \$1.55 per free breakfast, \$1.25 per reduced-price breakfast, and \$0.27 per paid breakfast. In addition, the state provides funding for an additional \$0.30 per reduced breakfast so schools receive the free reimbursement rate for both free and reduced price eligible students. Finally, schools where more than 40 percent of enrollment qualifies for free and reduced lunch are categorized as "severe need" schools and receive an additional \$0.30 per free and reduced-price breakfast.

State Expenditures

This bill will result in an additional expenditures of \$28,215,183 in FY 2014-15.

The largest cost component is an estimated \$27,780,035 in reimbursement money received from the USDA and paid to school districts. These estimates are based on the following assumptions:

- implementation of this bill will result in 91,720 additional students (including 75,840 free, 7,611 reduced-price, and 8,269 paid students) at 386 schools across 55 districts in Colorado receiving a "breakfast after the bell" in FY 2014-15;
- total enrollment, and the number of students eligible for free and reduced lunch in qualifying schools will grow at the same overall annual growth rate seen over the last five years for these categories statewide;
- the number of students in each category that would have participated in the SBP without the bill will grow half as fast as overall totals;
- 85 percent of the students at qualifying schools that previously did not participate in the SBP will now participate;
- qualifying schools will average 180 days in a school year but will experience a four percent rate of absenteeism;
- breakfasts for free lunch students, reduced-price lunch students and paid students will be reimbursed at \$1.85, \$1.55, and \$0.27, respectively.

Colorado Department of Education. The bill will also result in an additional General Fund expenditure of \$435,148 and 0.3 FTE in FY 2014-15. This total includes \$411,020 in additional StartSmart funding and \$24,128 in additional administrative costs.

The Start Smart Nutrition program provides state funding to reimburse school districts for each breakfast served to a child eligible for a reduced price meal. Using the same data used to collect federal meal reimbursements, CDE calculates the amount of state funding each district is eligible to receive based on the number of breakfasts served to children eligible for reduced price meals. The reimbursement rate is \$0.30 per reduced breakfast so schools receive the free reimbursement rate for both free and reduced-price eligible students.

Administrative and technical support for the new school breakfast program at the CDE will increase expenditures by \$24,128 and 0.3 FTE in FY 2014-15 and beyond. Costs are shown in Table 1 below, based on the assumption that most of the affected schools and districts do not currently offer "after-the bell" breakfast programs, and will require added technical assistance and training to comport with USDA guidelines. However, CDE does not currently track the type of breakfast program offered at schools, so costs could be lower if this assumption is not correct.

Table 1. Expenditures Under HB13-1006	
Cost Components	FY 2014-15
Personal Services	\$22,432
FTE	0.3
Operating Expenses and Capital Outlay	\$1,696
TOTAL	\$24,128

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB13-1006*	
Cost Components	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$120
Supplemental Employee Retirement Payments	\$1,232
TOTAL	\$1,352

*More information is available at: <http://colorado.gov/fiscalnotes>

School District Impact

School districts required to participate in the "breakfast after the bell" program will be reimbursed for the cost of providing the breakfast. Reimbursement funds will be distributed by CDE to each qualifying school district, based on the number of meals served. Schools have 60 days to submit reimbursement claims, and claims are paid by CDE using funds distributed from USDA on a quarterly basis.

Pursuant to Section 22-32-143, C.R.S., as specified by House Bill 11-1277, school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

Departments Contacted

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