

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 273 (Delegate Queen, *et al.*)
 Ways and Means

Education - Summer Meals Expansion Grant Program - Established

This bill establishes the Summer Meals Expansion Grant Program and an associated fund administered by the Maryland State Department of Education (MSDE). The Governor must annually appropriate \$1.0 million to the fund. The competitive grant program provides funds to sponsors (eligible schools, public agencies, or private nonprofit organizations) to increase the number of children and the number of meals served through the federal Summer Food Service Program (SFSP) administered by MSDE. An applicant must show evidence of the commitment of the county or local board of education to provide 100% matching funds for any grant.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: General fund expenditures increase by \$1.0 million annually beginning in FY 2018. However, the FY 2018 State budget does not include funding for the program. Revenues are not affected. MSDE can administer the program with existing resources. **This bill establishes a mandated appropriation beginning in FY 2019.**

(\$ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.0	1.0	1.0	1.0	1.0
Net Effect	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Beginning as early as FY 2018, local government revenues increase by as much as \$1.0 million. Local governments that choose to participate in the program must match 100% of the grant funds, including grants that are not awarded to a local government. Thus, local expenditures increase by as much as \$2.0 million annually. Federal funds may partially offset additional eligible costs.

Small Business Effect: None.

Analysis

Bill Summary: The program is intended to broaden the availability of sponsors and sites in the State to provide free meals to children during the summer and leverage available federal meal reimbursement funds. Grant funds may be used to:

- establish additional sites or expand existing sites;
- transport children to sites;
- create outreach and marketing programs to inform children and families of the SFSP; and
- establish any other practices or procedures to increase the number of children and the number of meals served through the SFSP.

A sponsor that receives a grant under the program must be awarded a grant in the next year, if the sponsor continues to satisfy program requirements. MSDE must establish application procedures and other procedures or criteria necessary to carry out the provisions of the bill.

The bill establishes a special, nonlapsing Summer Meals Expansion Grant Fund, administered by MSDE, to be used only to provide grants under the program.

Current Law: SFSP is a United States Department of Agriculture (USDA) program. States approve SFSP meal sites as open, enrolled, or camp sites. Open sites operate in low-income areas where at least half of the children come from families with incomes at or below 185% of the federal poverty level, making them eligible for free and reduced-price school meals. Meals are served free to any child at the open site. Enrolled sites provide free meals to children enrolled in an activity program at the site where at least half of them are eligible for free and reduced-price meals. Camps may also participate in SFSP. They receive payments only for the meals served to children who are eligible for free and reduced-price meals.

Sponsors can apply for advance payments or reimbursements from USDA. Federal funds cover allowable operating costs that include, but are not limited to, the cost of food used, nonfood supplies, space for food service, and rental of food service preparation facilities. Federal funds also cover allowable administrative costs for activities related to planning, organizing, and administering the program.

Background: In fiscal 2016, \$9.0 million in federal SFSP funds, distributed by MSDE, were provided for summer meals. During fiscal 2016, 1.2 million breakfasts,

1.7 million lunches, 78,700 suppers, and 34,100 snacks were provided through SFSP. Most sites provide one or two meals per day. About 59% of these meals were provided through local school systems (all but Somerset County Public Schools being sponsoring agencies) and another 24% were through the City of Baltimore. The Maryland Food Bank was another significant sponsoring agency of summer meals through SFSP.

MSDE currently administers over \$400 million in school and community food services' programs for the State. The proposed fiscal 2018 budget includes \$9.4 million in federal funds for summer meals. No State funds are provided for summer meals.

Local Fiscal Effect: Beginning as early as fiscal 2018, up to \$1.0 million in State grant funding will be available to local entities. Based on current sponsorship of summer meals programs, it is estimated that about 90% (or \$900,000) of funding will be provided to local government entities, and that a majority of these will be local school systems. However, under the bill, local governments are responsible for matching *all* grant funds, \$1.0 million annually, including grants that may be awarded to private schools and nonprofit organizations. Thus, for local governments that choose to participate in the program, local expenditures increase by as much as \$2.0 million annually. To the extent that these additional expenditures are eligible for federal reimbursement or advanced funding, these costs are partially offset.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel, Garrett, and Montgomery counties; Maryland State Department of Education; Department of Budget and Management; United States Department of Agriculture; Department of Legislative Services

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