

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1235 (Delegate McIntosh)
 Ways and Means and Appropriations

Education - Maryland Meals for Achievement In-Classroom Breakfast Program
 - Eligibility and Annual Appropriation

This bill allows a school that for one year falls below the 40% free and reduced-price meal (FRPM) student population eligibility threshold for the Maryland Meals for Achievement (MMFA) program to be eligible for MMFA funding in that year. However, the school is no longer eligible for MMFA funding if its percentage of students falls below the 40% in a second consecutive year. The bill clarifies, for purposes of MMFA, “secondary schools” includes high schools. Also, the Governor must appropriate \$11,900,000 annually for MMFA. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: General fund expenditures increase by \$5.0 million annually beginning in FY 2020. Any increase in FY 2019 expenditures is at the discretion of the Governor. **This bill establishes a mandated appropriation beginning in FY 2020.**

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	5.0	5.0	5.0	5.0	5.0
Net Effect	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)

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

Local Effect: Beginning in FY 2019, local school systems statewide receive approximately \$4.9 million in increased in State funding. Federal funding for local school systems increases by about \$20.5 million annually.

Small Business Effect: Nonpublic schools benefit from increased State and federal funds.

Analysis

Current Law/Background: MMFA provides a free in-class breakfast to all students enrolled in schools in which 40% or more of the students qualify for FRPMs. Schools are selected to participate in the program and must serve breakfasts that meet the Maryland State Department of Education (MSDE) guidelines and the nutritional standards of the U.S. Department of Agriculture for schools that participate in the federal school breakfast program.

Chapter 325 of 2017 authorizes secondary schools that participate in the MMFA In-Classroom Breakfast Program to serve breakfast in any part of the school, including from “Grab and Go” carts, after arrival of students to the school. Chapter 325 also clarifies that schools that provide breakfasts in the classroom through MMFA, to students at all grade levels, must serve the breakfasts after arrival of students to the school.

According to MSDE data, the great majority of the 451 schools participating in MMFA during the 2017-2018 school year are elementary or middle schools, and all but four are public schools. The proposed fiscal 2019 budget includes \$6.9 million for MMFA, the same total provided in fiscal 2017 and 2018. **Exhibit 1** shows the allocation of MMFA State funding for fiscal 2017. The program serves approximately 240,150 students, including approximately 152,300 who qualify for FRPMs.

Community Eligibility Provision

The federal Healthy, Hunger Free Kids Act of 2010, in part, amended the federal National School Lunch Act to provide an alternative to household applications for FRPMs in high-poverty local educational agencies (LEAs) and schools. This alternative is referred to as the Community Eligibility Provision (CEP). To be eligible, LEAs and schools must meet a minimum level of students directly certified for free meals (40% of enrollment) in the year prior to implementing the option, agree to serve free lunches and breakfasts to *all* students, and agree to cover with nonfederal funds any costs of providing free meals to all students above amounts provided in federal assistance.

An LEA may participate in CEP for all schools in an LEA or only some schools, depending on the eligibility of the individual schools and financial considerations based on the anticipated level of federal reimbursement and other nonfederal support that may be available. MSDE advises that Baltimore City and Dorchester and Somerset counties participate districtwide in CEP.

Exhibit 1
Fiscal 2017 State MMFA Funding Allocation

County	MMFA
Allegany	\$123,415
Anne Arundel	950,635
Baltimore City	0
Baltimore	669,968
Calvert	0
Caroline	230,974
Carroll	30,427
Cecil	246,711
Charles	304,715
Dorchester	63,310
Frederick	180,487
Garrett	114,414
Harford	225,261
Howard	285,032
Kent	66,609
Montgomery	1,549,451
Prince George's	1,015,113
Queen Anne's	32,851
St. Mary's	171,294
Somerset	9,704
Talbot	105,028
Washington	290,237
Wicomico	67,678
Worcester	82,301
Archdiocese of Baltimore	31,215
St. Francis International	23,173
Total	\$6,900,000

MMFA: Maryland Meals for Achievement

Note: Public *schools* that participate in the Community Eligibility Provision (CEP) to provide free breakfast and lunch to all students do not receive MMFA funding. Baltimore City's participation is districtwide with a 100% CEP claiming percentage. Dorchester and Somerset counties also participate districtwide, but the CEP claiming percentage in those counties is 82% and 91%, respectively; as a result some schools in Dorchester and Somerset counties participate in MMFA.

Source: Maryland State Department of Education

State Expenditures: Because total funding for MMFA (including proposed fiscal 2019 funding) has remained at \$6.9 million since fiscal 2017, it is currently projected to remain at that level in each of fiscal 2019 through 2023. Thus, general fund expenditures increase by \$5.0 million annually under the bill; the funding is mandated beginning in fiscal 2020.

Local Fiscal Effect: According to MSDE data, the \$5.0 million in additional State funding would enable MMFA to serve approximately 145,700 Maryland students in an additional 216 schools. Local school systems (other than Baltimore City) receive approximately \$4.9 million of the \$5.0 million increase in annual MMFA State aid to public schools (with nonpublic schools receiving approximately \$100,000). MSDE advises that serving these additional 145,700 students will result in an additional \$20.7 million in federal funds received by these schools, including approximately \$20.5 million for public schools.

Additional Information

Prior Introductions: None.

Cross File: SB 818 (Senator Madaleno, *et al.*) - Budget and Taxation.

Information Source(s): Baltimore, Charles, Frederick and Montgomery counties; Maryland State Department of Education; Department of Legislative Services

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md/rhh

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