

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 806 (Delegate Queen, *et al.*)
 Ways and Means

Education - Summer Meals Expansion Grant Pilot Program

This bill establishes the Summer Meals Expansion Grant Pilot Program and an associated fund administered by the Maryland State Department of Education (MSDE). The Governor *may* annually appropriate \$400,000 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). **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: General fund expenditures increase by \$400,000 annually, beginning in FY 2019. However, any annual appropriation is at the discretion of the Governor. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	400,000	400,000	400,000	400,000	400,000
Net Effect	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)

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

Local Effect: Beginning as early as FY 2019, local government revenues from the State increase by as much as \$400,000. (However, private nonprofit organizations may receive a significant portion of the \$400,000 total.) Local government expenditures increase accordingly. To the extent that these additional local government expenditures are eligible for federal reimbursement or advanced funding, these expenditures are partially offset.

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 for operating expenses to initiate or expand services under SFSP and must be used to supplement, not supplant, any other funding for the sponsor. An applicant to the program must submit to MSDE a plan to initiate or expand services under SFSP, agree to operate a site for at least two years, and comply with any other MSDE requirements.

In awarding grants, MSDE must give priority (in the following order) to sponsors that (1) provide education, health, or fitness programming to participants; (2) serve rural school districts; and (3) participate in the SFSP at the time of grant application. 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. Interest earnings of the fund are credited to the general fund.

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 an 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.

There are State programs for school breakfasts and lunches during the school year, but there is no State program for summer meals.

Background: In fiscal 2017, \$9.7 million in federal SFSP funds, distributed by MSDE, were provided for summer meals. During fiscal 2017, 1.2 million breakfasts, 1.8 million lunches, 98,600 suppers, and 38,900 snacks were provided through SFSP. About 61% of these meals were provided through local school systems and another 21% were through the City of Baltimore. The Family League of Baltimore City and

Maryland Food Bank were also significant sponsoring agency of summer meals through SFSP.

MSDE currently administers nearly \$400 million in school and community food services' programs for the State. The proposed fiscal 2019 budget includes \$11.2 million in federal funds for summer meals. No State funds are provided for summer meals.

Local Fiscal Effect: Beginning as early as fiscal 2019, up to \$400,000 in State grant funding will be available to local entities. Based on current sponsorship of summer meals programs, it is estimated that about 85% (or \$340,000) of funding will be provided to local government entities, and that a majority of these will be local school systems. Local expenditures increase accordingly. To the extent that these additional expenditures are eligible for federal reimbursement or advanced funding, these expenditures are partially offset.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education; Department of Budget and Management; Department of Legislative Services

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