



Mary Pat Fannon, Executive Director

BILL: House Bill 1173
TITLE: Public Schools - Student Meal Programs and Meal Charge Policies
DATE: February 26, 2020
POSITION: Letter of Information
COMMITTEE: Ways and Means
CONTACT: Mary Pat Fannon, Executive Director, PSSAM

This bill requires each county board of education to establish a meal charge policy that addresses payment for school meals, unpaid meal debt, prohibition of stigmatizing actions, and other issues related to the administration of school meal programs. The boards must review and update these plans annually. The plans must be published on the local board's website, given to MSDE, and provided to students at the beginning of each school year. Schools must provide each student and certain parents with information and assistance related to free or reduced meal programs. MSDE must create and maintain a database of all plans and publish them on their website.

PSSAM appreciates the intent of this legislation, but believes it is not necessary because every LEA has a meal program as required by the federal School Breakfast and/or National School Lunch Program. These programs address almost every component of this bill; however, some of the bill's provisions would be out of compliance with federal law and jeopardize funding. Therefore, we offer the following letter of information.

All of our systems follow the regulations set forth by the U.S. Department of Agriculture (USDA), which include creating a plan for handling unpaid meal charges and a communication policy to families. However, it rightfully allows local board to develop specific provisions of their policies.

Maryland is an incredibly diverse state and each board serves a unique population of students. Each LEA has been grappling with the delicate balance of providing healthy meals, but also ensuring the financial viability of these programs. By GASB (Governmental Accounting Standards Board) rules, food service operations must be classified as an Enterprise Fund, meaning that they are run like a 'for profit' business. Districts annually set the meal prices for paying students based on projected federal and state reimbursements compared to projected expenditures which are primarily wages, food, food related supplies and food service equipment. If these programs are not self-sustaining, local boards use a multitude of approaches to cover the deficits. In some systems this is handled at the school level with local fundraising efforts and donations. In other systems the local board pays the debt out of their operating funds. To illustrate the differences between LEAs, most of the systems have meal debt under \$10,000, but there are several, including some very small systems with debt ranging from \$120,000 to \$356,000. This may not

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sound like a lot in a school budget, but it is very significant when a small county has to absorb a debt of \$120,000; these are funds taken out of the classroom and school operations.

While we appreciate the intent of this legislation, we fear unintended consequences, specifically that we will see a decrease in the number of submitted free and reduced applications. This has occurred in some non-CEP districts where it is their local policy to provide a meal regardless of payment. In these districts, especially among middle and high-schoolers, when they realize they will get a free lunch they do not submit an application. As this committee knows, any decrease in filling out these forms has a ripple effect on many education formulas and funding.

Again, we agree with the compassion put forth in this bill and hope we can discuss our individual programs with the advocates and sponsors instead of mandating a statewide legislative “fix,” to a problem that is not uniform across all 24 local school systems.