

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE

Senate Bill 680

(Senator Pinsky, *et al.*)

Education, Health, and Environmental Affairs

Education - Vending Machines in Schools - Policy

This bill requires local boards of education to develop and adopt a policy regarding vending machines and contracts with companies that supply vending machines. The policies must: (1) encourage a reduction in student consumption of foods of minimal nutritional value; (2) prohibit student access to vending machines that contain foods of minimal nutritional value until the end of the last lunch period in a school day; (3) require contracts to be submitted to local boards; (4) prohibit contracts of more than five years; (5) prohibit schools from entering into or renewing contracts if they have violated local board policies or have failed to submit contracts; and (6) prohibit contracts that bar employees and students from disparaging the goods or services of the party contracting with schools. By August 1, 2003, local boards must submit to the Maryland State Department of Education (MSDE): (1) the vending machines policies; and (2) a report detailing the proceeds collected from the sale of products in vending machines over the previous three years and the expenditures made using the proceeds. An obligation or contract right existing before July 1, 2002 is not impacted by the bill.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: MSDE could collect policies and reports from local school systems with existing resources.

Local Effect: Local school revenues could decrease minimally if contracts with vendors become more limited. Local boards of education and school systems could develop policies and report on vending machine sales with existing resources.

Small Business Effect: Minimal.

Analysis

Current Law: Local boards of education are not required to develop policies regarding vending machines and vending machine contracts. School breakfasts and lunches supported by State and federal funds must meet specific nutritional standards. In order to receive funding through the school nutrition programs, local school systems must sign written agreements to deny students access to vending machines that sell foods of minimal nutritional value before the end of the final lunch period of the day.

Background: Many local school systems -- including Baltimore, Montgomery, and Prince George's counties -- allow school administrators to raise revenues by contracting with vending and soda machine companies. The supplemental revenue is often used to support extra-curricular activities in schools. Other school systems, like Charles and Kent counties, have exclusive systemwide contracts with vendors that supply county schools with vending machines and products sold in vending machines.

MSDE advises that, in recent years, some schools and local school systems have ignored the requirement that vending machines remain off until after the final lunch period of a school day. In Kent County, timers have been placed on school soda machines to ensure that soda is not available to students before the end of the school day. Vending machines containing foods and drinks are available to students during lunch hours, but they only contain products approved by the U.S. Department of Agriculture.

Local Revenues: In local school systems that allow schools to independently contract with vendors, annual vending machine revenues are estimated at \$5,000 to \$10,000 for middle schools and \$10,000 to \$20,000 for high schools. Elementary schools do not typically provide students with access to vending machines. There are 227 senior high schools and 228 middle schools in Maryland. If one-third of the schools have contracts that allow them to receive vending machine proceeds, annual revenues would range from \$1.1 million to \$2.3 million. In Kent County, where the local school system has contracted with a vending machine supplier, the system receives a portion of vending machine sales plus \$13,000 annually and free supplies for certain school events. It is assumed that policies established by local boards of education would not significantly reduce contract revenues. However, local school revenues could decrease minimally.

Local Expenditures: It is assumed that local boards of education could develop, adopt, and enforce policies with existing resources. It is further assumed that schools and school systems could report on past vending machine sales with existing resources.

Additional Information

Prior Introductions: SB 435 of 2001 would have limited vending machine contracts and required local school systems to develop policies encouraging a reduction in student consumption of foods of minimal nutritional value. The bill received a favorable with amendments report from the Senate Economic and Environmental Affairs Committee but was not approved by the full Senate.

Cross File: None.

Information Source(s): Maryland Association of Boards of Education, Maryland State Department of Education, Kent County, Department of Legislative Services

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