

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 396 (Senator Pinsky, *et al.*)
Education, Health, and Environmental Affairs

Children's Nutrition and Health in Schools Act

This bill requires local boards of education to develop and adopt policies regarding vending machines for the purpose of encouraging a reduction in student consumption of foods of minimal nutritional value. The policies must be submitted to the Maryland State Department of Education (MSDE) by August 1, 2004. By the same date, local boards must also report on the proceeds collected from vending machine products over the previous three years and the expenditures made using the proceeds, if the records are available. By the 2004-2005 school year, schools must install automatic timing devices on vending machines to prohibit or permit access to the machines in accordance with policies established by the local board.

The bill is effective July 1, 2003.

Fiscal Summary

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

Local Effect: Local school system revenues could decrease minimally if contracts with vendors become more limited. Existing contracts would not be affected. Local boards of education and school systems could develop policies and report on vending machine sales with existing resources.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill requires the policies developed and adopted by local boards of education to prohibit students from accessing vending machines that contain food of minimal nutritional value until the end of the last lunch period during the 2003-2004 school year and the end of the school day in the 2004-2005 school year and thereafter. The policies may allow students to access vending machines that contain nutritious foods, except during lunch periods. The policies must require at least 50% of the options in vending machines to be nutritious by the 2003-2004 school year, and the price of foods of minimal nutritional value must be at least 25% higher than nutritious options.

The policies must also require schools to keep records of proceeds from vending machines and the expenditures made using proceeds from vending machines. School contracts relating to vending machines must be submitted to local boards of education for review and must be available for public examination. Contracts may not exceed three years and may not bar employees and students from disparaging the goods or services of the party contracting with schools. Policies must provide that schools that violate local vending machine policies may not renew contracts or enter into new contracts.

Current Law: Local boards of education are not required to develop policies regarding vending machines.

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 local 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: A similar bill was introduced at the 2002 session as SB 680. The bill was not reported out of the Senate Education, Health, and Environmental Affairs Committee. 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

Fiscal Note History: First Reader - March 10, 2003
ncs/hlb

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