

SF123 - 9A - School Lunch and Breakfast for All Students

Chief Author: **Heather Gustafson**
 Committee: **Finance**
 Date Completed: **3/7/2023 3:18:02 PM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	9	5,434	604	-	-
Total	-	9	5,434	604	-	-
Biennial Total			5,443			604

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

Per the fiscal note request, this fiscal note was completed on the amendment language only, and does not include the costs of the underlying bill.

LBO Signature: Alyssa Holterman Rosas **Date:** 3/7/2023 3:18:02 PM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	9	5,434	604	-
Total	-	9	5,434	604	-
Biennial Total			5,443		604
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	9	5,434	604	-
Total	-	9	5,434	604	-
Biennial Total			5,443		604
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

Minnesota Statutes, 126C.05 Subdivision 3 is amended to include new compensatory calculation for Fiscal Year 2025 only. The new section (g) would create a “hold harmless” at the site level for FY25’s compensatory revenue. The calculation for FY25 would be the same to create an initial revenue. However, the final site revenue would take the greater of FY24’s final site revenue and the FY25’s calculated site revenue.

Assumptions

It is assumed that all sites remain the same between FY24 and FY25. If a site happens to close between the two fiscal years, MDE staff would need direction on how to handle those site revenues in calculating compensatory revenue.

MDE does not forecast for each district/site for compensatory revenue. The compensatory revenue forecast is done at a statewide basis.

Fiscal Year 2025 (FY25) site level allocations are determined for this fiscal note by applying the current law calculation and including a reduction to fiscal year 24 (FY24) student enrollment and a similar reduction to FY24 free and reduced student counts to equal the FY25 Compensatory Revenue budget in the February 2023 forecast for FY25 of \$758,366,000. The site level calculation is based on the per pupil formula allowance of \$6,024. The student population reductions in FY25 result in an overall loss to districts in the entitlement amount of \$6,038,000, the anticipated cost of the “greater of” language in the proposed bill. This fiscal note is based on February forecast data, and does not contemplate any secondary impacts to compensatory revenue related to the implementation of universal meals.

MNIT staff estimate that it will take 80 hours of work at \$110 an hour in FY24 to complete the programming needed for the compensatory revenue change.

Expenditure and/or Revenue Formula

Compensatory Cost	FY24	FY25	FY26	FY27
Entitlement	0	6,038,000	0	0
90% current	0	5,434,000	0	0

10% final	0	0	604,000	0
Total compensatory Appn Cost	0	5,434,000	604,000	0
	FY24	FY25	FY26	FY27
MNIT Cost (80 hours)	8,800	0	0	0
Total Cost	8,800	5,434,000	604,000	0

Long-Term Fiscal Considerations

The proposed compensatory legislation is a one-year change. The FY26 and later compensatory revenue by site calculation would revert back to current law.

Local Fiscal Impact

References/Sources

Agency Contact: Daley Lehmann, 651-582-8817

Agency Fiscal Note Coordinator Signature: Melissa Stirn

Phone: 651-582-8690

Date: 3/7/2023 2:56:06 PM

Email: melissa.stirn@state.mn.us