

ORANGE COUNTY
BOARD OF EDUCATION

AGENDA ITEM ABSTRACT

Meeting Date: August 22, 2011

AGENDA ITEM No. 11-08-(2)-13

ACTION ITEM (Y/N) Y

SUBJECT: Senate Bill 415 Elimination of Cost of Reduced-Price School Breakfast Meals

INFO. CONTACT: Valerie Green PHONE: 732-6133, ext. 16501

ATTACHMENTS:

1. Senate Bill 415 (SB 415)
2. Implementation Plan for Senate Bill 415
3. 2011-2012 Allocation for Senate Bill 415

PURPOSE: To allow the Board of Education the opportunity to review SB 415 and consider subsidizing the reduced price breakfast meals that are served after the funds are expended from the state allocated funds.

BACKGROUND: Senate Bill 415, Elimination of Cost of Reduced-Price School Breakfast Meals, provides school breakfasts at no cost for qualified children of reduced status for school meals. The funds for this program are allocated to all School Food Authorities (SFA's), and the Orange County Schools allocation is \$7,219. If the current allocations are exhausted, the local Board of Education has one of three options:

1. Utilize a portion of the required State Revenue Match funds of \$45,000 to cover these meals at \$0.30 per meal.
2. Utilize local budget funding.
3. Discontinue allowing reduced-price eligible students to receive breakfast at no charge and refer all charges to the parents/guardians.

According to federal allocations specified by this bill, only 33.173% of the breakfast participation of the total number of students qualified for reduced meals is funded. Based on these calculations, the total amount needed to fully fund all reduced status students for the school year would be \$21,762. Therefore, a potential local funding allocation of \$14,563 would be needed.

Based on our actual 2010-2011 data, 11,507 reduced price students participated in the National School Breakfast Program, which is 22.3 % of the total number that were approved for reduced meals for the whole school year. According to the trends, there are economical predictions of increases in reduced status students as well as promotional efforts to increase sales.

FINANCIAL IMPACT: Subsidizing the reimbursement to the Child Nutrition Service by using local budget would cost \$14,563.

RECOMMENDATION: The Superintendent recommends the Board of Education approves subsidizing the reduced price breakfast meals that are served to the children of Orange County Schools after the funds are exhausted from the state allocated funds.

ATTACHMENT 1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-342
SENATE BILL 415

AN ACT TO PROVIDE SCHOOL BREAKFASTS AT NO COST FOR SCHOOL CHILDREN WHO QUALIFY FOR REDUCED-PRICE MEALS AT SCHOOLS PARTICIPATING IN THE NATIONAL SCHOOL BREAKFAST PROGRAM; AND TO REQUIRE THE STATE BOARD OF EDUCATION TO REPORT ON THE PUBLIC SCHOOL NUTRITION PROGRAMS OPERATED BY THE LOCAL SCHOOL ADMINISTRATIVE UNITS UNDER THE JURISDICTION OF CHILD NUTRITION SERVICES OF THE DEPARTMENT OF PUBLIC INSTRUCTION; AND TO DIRECT THE STATE AUDITOR TO AUDIT CHILD NUTRITION SERVICES OF THE DEPARTMENT OF PUBLIC INSTRUCTION.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding Section 8.26 of S.L. 1999-237, funds appropriated for the school breakfast program shall be used to provide school breakfasts at no cost to students of all grade levels qualifying for reduced-price meals in all schools participating in the National School Breakfast Program. If appropriated funds are insufficient to provide school breakfasts at no cost to students qualifying for reduced-price meals, local child nutrition programs shall charge the students qualifying for reduced-price meals the allowable amount for a reduced-price breakfast under the guidelines of the National School Breakfast Program.

SECTION 2. The State Board of Education shall report by November 15, 2011, to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations on an overview of the federally supported food service programs. The report shall include the procedure for participation in the programs, including the numbers of students who apply, are accepted, and are rejected for free and reduced-price meals as a part of the programs or automatically qualify for the programs as required by the United States Department of Agriculture.

SECTION 3. The State Auditor shall audit the Division of School Support, Child Nutrition Services of the Department of Public Instruction by December 15, 2011, and report to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Governmental Operations. In its report, the State Auditor shall determine whether the local school administrative units' participation in the federally supported food service programs effectively serve the intent of the General Assembly and comply with federal and State law and regulations.



SECTION 4. This act becomes effective July 1, 2011.
In the General Assembly read three times and ratified this the 18th day of June,
2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 11:51 a.m. this 27th day of June, 2011

ATTACHMENT 2

Implementation of SB 415 – Elimination of the Cost of Reduced-Price School Breakfast Meals Implementation Plan August 8, 2011

Senate Bill 415 (Session Law 210-342) eliminated the State Kindergarten Breakfast Program and required funds originally appropriated for the program (\$2,017,761) to be used to pay the cost of reduced-price breakfast meals (\$.30 per meal) for all students (PreK-12) who qualify for reduced-price meals under the National School Lunch Act.

These funds have been allocated to all eligible School Food Authorities (SFAs) based on the number of students eligible for reduced-price meals as of September 30, 2010. This allocation formula ensures that all SFAs receive an equitable allocation of the available funds.*

The current allocation is adequate to cover the cost of reduced-price breakfast meals at 33.173% breakfast participation by students that qualify for reduced-price meals. If student meal participation increases, and the current allocation is inadequate to cover the additional reduced-price breakfast meals, LEAs will have the following options available:

- (1) The LEA may utilize a portion of the required State Revenue Match of a minimum of \$45,000 to continue to pay the \$.30 per breakfast meal, thus allowing the program to continue for a longer period of time. The 2011-2012 Allotment Policy Manual will be updated to include this approach as an option to meet the required match. Should the LEA decide to use these funds for this purpose, the Child Nutrition program could serve up to an additional 150,000 reduced-price breakfasts to eligible students. The Child Nutrition program would claim the Federal reimbursement for the additional reduced-price breakfasts served. Using all or a portion of the required State Revenue Match of \$45,000 for this purpose, will enable the Child Nutrition Program to claim additional Federal Child Nutrition funds.**
- (2) The LEA may utilize local funding, grants and/or contributions (if available) to continue the program; or
- (3) The LEA may discontinue the practice of allowing reduced-price eligible students to receive a reimbursable breakfast meal at no charge. The parent/guardian would then be responsible for paying the \$.30 per reimbursable breakfast meal served to students who qualify for reduced-price meal benefits.

It is imperative to understand that the decision to continue the program once the initial allocation is fully dispersed to the LEA is the responsibility of the local Board of Education.

LEAs will be reimbursed for reduced-price breakfast meals when the monthly claim for reimbursement is filed in the Child Nutrition Technology System (CNTS). The CNTS will calculate the total number of reduced-price breakfasts served monthly (combination of regular and severe need) and reimburse the \$0.30 per meal until the LEA reaches the maximum State

allocation. The funds will be included in the monthly reimbursement that is electronically transmitted to the LEA.

Each SFA's allocation of State funds is attached. The Child Nutrition Services Section will monitor the use of these State funds on a monthly basis. **If it appears that one or more LEAs will not be able to utilize their full allocation, funds will be reallocated to LEAs whose breakfast participation in the reduced-price category has significantly increased from the prior year.**

As with any new procedure, it is extremely important that a consistent answer to questions be provided statewide. In order to achieve this objective, **any additional questions should be submitted to Janet Johnson via email at janet.williamsjohnson@dpi.nc.gov who will be compiling a "Question & Answer Fact Sheet" that will be provided to all LEAs.** Our goal will be to distribute the fact sheet based on your questions on Monday, August 15.

*The allocation formula is as follows: number of students approved for reduced-price meals multiplied by 180 days multiplied by a 33.173% participation rate multiplied by \$.30 rounded to the nearest dollar.

**Should the LEA choose Option 1, the following example applies:

If the LEA exceeds its initial allocation in March, 2012 and wishes to continue the program through the end of the school year, the local board of education may approve the Child Nutrition Program to use a portion of the \$45,000 required State Revenue Match to cover the cost of the additional reduced-price breakfast meals. If the district wishes to cover the cost of the additional 30,000 reduced-price breakfast meals, then the following would apply:

The district would use \$9,000 of State Revenue Match funds to pay the cost of the reduced-price breakfast meals (30,000 meals x \$.30 per meal = \$9,000.).

For each meal served, the district would claim \$1.50 for a severe-need reduced-price breakfast or \$1.21 for a non-severe-need reduced-price breakfast.

If 20,000 meals are claimed at the severe-need rate, the district would claim an additional \$30,000 in Federal Child Nutrition Funds (20,000 meals x \$1.50 = \$30,000).

The remaining 10,000 meals would be claimed at the non-severe-need rate of \$1.21 for which the district would claim an additional \$12,100 Federal Child Nutrition funds (10,000 x \$1.21 = \$12,100).

For an investment of \$9,000 from State Revenue Match funds, the district could serve 30,000 additional meals and claim an additional \$42,100 in Federal Child Nutrition funds. In short, using all or a portion of the State Revenue Match funds to support the continuation of the program would generate a return-on-investment of over 4.6 percent.

The remaining State Revenue Match funds of \$36,000 (\$45,000 - \$9,000 = \$36,000) would be deposited into the Child Nutrition account for use towards salaries and benefits in the Child Nutrition Program.

ATTACHMENT 3

North Carolina Department of Public Instruction
 Child Nutrition Services
 2011-2012 Allocation for SB 415

SFA #	SFA Name	# Reduced-Price	Allocation
10	Alamance-Burlington Schools	1,206	\$ 21,604.00
20	Alexander County Schools	560	\$ 10,032.00
30	Alleghany County Schools	190	\$ 3,404.00
40	Anson County Schools	331	\$ 5,929.00
50	Ashe County Schools	361	\$ 6,467.00
60	Avery County Schools	251	\$ 4,496.00
70	Beaufort County Schools	596	\$ 10,676.00
80	Bertie County Schools	254	\$ 4,550.00
90	Bladen County Schools	407	\$ 7,291.00
100	Brunswick County Schools	1,252	\$ 22,428.00
110	Buncombe County Schools	2,271	\$ 40,681.00
111	Asheville City Schools	221	\$ 3,959.00
120	Burke County Schools	1,533	\$ 27,461.00
130	Cabarrus County Schools	1,875	\$ 33,588.00
132	Kannapolis City Schools	422	\$ 7,559.00
140	Caldwell County Schools	1,146	\$ 20,529.00
150	Camden County Schools	126	\$ 2,257.00
160	Carteret County Public Schools	724	\$ 12,969.00
170	Caswell County Schools	283	\$ 5,069.00
180	Catawba County Schools	1,535	\$ 27,497.00
181	Hickory City Schools	321	\$ 5,750.00
182	Newton Conover City Schools	308	\$ 5,517.00
190	Chatham County Schools	600	\$ 10,748.00
200	Cherokee County Schools	515	\$ 9,225.00
210	Edenton/Chowan Schools	150	\$ 2,687.00
220	Clay County Schools	119	\$ 2,132.00
230	Cleveland County Schools	1,181	\$ 21,156.00
240	Columbus County Schools	586	\$ 10,497.00
241	Whiteville City Schools	174	\$ 3,117.00
250	Craven County Schools	1,619	\$ 29,002.00
260	Cumberland County Schools	4,688	\$ 83,978.00
270	Currituck County Schools	233	\$ 4,174.00
280	Dare County Schools	450	\$ 8,061.00
290	Davidson County Schools	1,443	\$ 25,849.00
291	Lexington City Schools	194	\$ 3,475.00
292	Thomasville City Schools	217	\$ 3,887.00
300	Davie County Schools	610	\$ 10,927.00

310	Duplin County Schools	849	\$	15,208.00
320	Durham Public Schools	2,252	\$	40,341.00
330	Edgecombe County Schools	660	\$	11,823.00
340	Forsyth County Schools	3,109	\$	55,693.00
350	Franklin County Schools	667	\$	11,948.00
360	Gaston County Schools	2,218	\$	39,732.00
370	Gates County Schools	209	\$	3,744.00
380	Graham County Schools	182	\$	3,260.00
390	Granville County Schools	784	\$	14,044.00
400	Greene County Schools	232	\$	4,156.00
410	Guilford County Schools	4,979	\$	89,191.00
420	Halifax County Schools	288	\$	5,159.00
421	Roanoke Rapids City Schools	191	\$	3,421.00
422	Weldon City Schools	77	\$	1,379.00
430	Harnett County Schools	1,731	\$	31,008.00
440	Haywood County Schools	670	\$	12,002.00
450	Henderson County Schools	1,188	\$	21,281.00
460	Hertford County Schools	257	\$	4,604.00
470	Hoke County Schools	849	\$	15,208.00
480	Hyde County Schools	60	\$	1,075.00
490	Iredell-Statesville Schools	1,617	\$	28,966.00
491	Mooresville City Schools	416	\$	7,452.00
500	Jackson County Schools	322	\$	5,768.00
510	Johnston County Schools	2,222	\$	39,804.00
520	Jones County Schools	155	\$	2,777.00
530	Lee County Schools	817	\$	14,635.00
540	Lenoir County Schools	846	\$	15,155.00
550	Lincoln County Schools	1,095	\$	19,615.00
560	Macon County Schools	453	\$	8,115.00
570	Madison County Schools	222	\$	3,977.00
580	Martin County Schools	326	\$	5,840.00
590	McDowell County Schools	596	\$	10,676.00
600	Charlotte-Mecklenburg Schools	9,391	\$	168,225.00
610	Mitchell County Schools	265	\$	4,747.00
620	Montgomery County Schools	406	\$	7,273.00
630	Moore County Schools	975	\$	17,466.00
640	Nash-Rocky Mount Schools	1,502	\$	26,906.00
650	New Hanover County Schools	1,689	\$	30,256.00
660	Northampton County Schools	202	\$	3,619.00
670	Onslow County Schools	2,684	\$	48,080.00
680	Orange County Schools	403	\$	7,219.00
681	Chapel Hill-Carrboro Schools	417	\$	7,470.00

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