

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

Fiscal Analysis: This bill directs each local school division to make school breakfast available pursuant to the federal School Breakfast Program to any student who requests a school breakfast at no cost to the student. The bill directs that the state shall reimburse each school for each school breakfast served at an amount equal to the difference between the amount paid by the U.S. Department of Agriculture and the free rate. For the 2024-2025 school year the difference between the federally set paid and free rates is \$2.45.

In the 2023-2024 school year 65.3 million school breakfasts were served in Virginia public schools, including 13.1 million paid meals. Based on data from other states and Community Eligibility Provision (CEP) implementation in Virginia, it is likely that the implementation of free breakfast will lead to an increase in the number of breakfasts served. In order to estimate the cost of providing free breakfast for all students, DOE assumed that the number of breakfasts served at CEP participating schools would remain constant but would increase by 23% at schools not participating or not eligible for CEP. Based on the current reimbursement rate and the growth assumptions, DOE estimates a base additional state cost of \$40,311,705 annually beginning in FY26.

Additional information on these calculations can be found in DOE's November 2024 School Meals Stakeholder Work Group Report, found on the Reports to the General Assembly website.

State funding is currently provided for school breakfasts through three programs under Direct Aid to Public Education. Item 125 of the Governor's Introduced budget, HB1600/SB800, provides in FY26 \$9,915,081 lottery funds for the existing School Breakfast Program, \$1,074,000 general fund for the Breakfast After the Bell Initiative, and \$4,100,000 general fund for School Meals Expansions. If free school breakfasts are fully funded through this new program, then the entire appropriation for the existing School Breakfast Program and the Breakfast after the Bell Initiative, and an estimated \$300,000 of the School Meals Expansion will no longer be necessary and can be redirected to free school breakfasts for all. These savings would make the additional state cost \$29,022,624 general fund annually beginning in FY26.

The actual state fiscal impact is indeterminate and would depend on the actual number of meals served and the rates set by the federal government in future years. Any impact to local school divisions is indeterminate.

The Department of Education would also require additional funding in order to implement the provisions of this bill. DOE's software system that is used for processing school meals reimbursement would need to be enhanced in order to handle this larger reimbursement program, and DOE estimates \$25,000 in one-time costs for system upgrades. DOE also anticipates the need for an additional position in the Office of School Nutrition to administer the program at a total cost of \$140,952, including salary, benefit and technology costs. This assumes for \$85,000 for salary, \$45,952 for benefits, and \$10,000 for technology and travel assistance.

Other: This bill is identical to HB1958 as introduced.