

**Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB96 **Patron:** Bennett-Parker
Bill Title: School breakfast; availability at no cost to students.

Bill Summary: Requires each school board to require each public elementary and secondary school in the local school division to participate in the federal National School Lunch Program and the federal School Breakfast Program administered by the U.S. Department of Agriculture and to make breakfast available to any student who requests such a meal at no cost to the student, unless the student's parent has provided written permission to the school board to withhold such a meal from the student. The bill clarifies that the provision of a breakfast by a school to a student at no cost to the student shall not be construed as creating a disincentive for the school or local school division to participate in the federal Community Eligibility Provision program. Additionally, the bill provides that schools shall maximize the number of students who participate in the school breakfast program by implementing one or more suggested service models to increase access to such program. The bill requires the Department of Education to reimburse each public elementary and secondary school for each eligible school breakfast served to a student, with a maximum of one reimbursable breakfast per student per school day, and provides the formula for determining the state reimbursement rate for such meals. Finally, the bill repeals a provision of law relating to the federal School Breakfast Program that is rendered obsolete by the provisions of the bill.

Budget Amendment Necessary: Yes **Items Impacted:** 120, 125

Explanation: This bill directs the state to reimburse local school divisions for each school breakfast served, which would require additional funding through Direct Aid to Public Education.

Amendments also may be required to eliminate or modify existing state-supported school breakfast programs. Additionally, the Department of Education (DOE) would require additional funding and an additional position to implement the provisions of this bill. Any impact to local school divisions is indeterminate.

Fiscal Summary: The Department of Education estimates an additional state cost of at least \$37.35 million general fund per year beginning in FY27 to reimburse for school breakfasts as required by this bill. Additionally, DOE estimates one-time costs of \$50,000 and ongoing costs of \$95,796 to implement the provisions of this bill.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2031</u>	<u>FY2031</u>
197 (Direct Aid)	\$0	\$37,347,083	\$37,347,083	\$37,347,083	\$37,347,083	\$37,347,083
201 (DOE)	\$0	\$145,796	\$95,769	\$95,769	\$95,769	\$95,769
TOTAL	\$0	\$37,492,879	\$37,442,852	\$37,442,852	\$37,442,852	\$37,442,852

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Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2031</u>	<u>FY2031</u>
201 (DOE)	0	.5	.5	.5	.5	.5
TOTAL	0	.5	.5	.5	.5	.5

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 2025-2026 school year the difference between the federally set paid and free rates is \$2.45.

In the 2024-2025 school year 65.6 million school breakfasts were served in Virginia public schools, including 13.3 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 to all students, DOE applied a growth rate to account for changes in the meals served and changes to the federal meals rates. DOE assumed that the number of breakfasts served at CEP participating schools would grow by 5% and the number of breakfasts served at schools not participating in CEP would increase by 27%. Based on the current reimbursement rate and the growth assumptions, DOE estimates a base additional state cost of \$37,347,083 general fund annually beginning in FY27. At this time, this amount is assumed in FY28 and out years due to a lack of data about potential growth once the program is established. Changes to student populations, federal meals rates, and CEP participation could all effect costs in future years. 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.

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, HB/SB30, provides \$10,962,824 in FY27 and \$11,418,036 in FY28 in lottery funds for the existing School Breakfast Program, \$1,074,000 general fund in FY27 and in FY28 for the Breakfast After the Bell Initiative, and \$1,600,000 general fund in FY27 and in FY28 for School Meals Expansions, of which about \$300,000 is used for school breakfasts. If free school breakfasts are funded through this new program, then these programs could continue to exist and provide an additional add-on to help cover the cost of school nutrition programs in school divisions that currently receive these funds. Alternatively, budget language changes could redirect funding from these programs to cover free school breakfasts for all under the new program. If these funds are redirected, then the additional state cost above HB/SB30 would be approximately \$25 million general fund each year.

Any impact to local school divisions to implement service models to maximize access 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

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enhanced in order to handle this larger reimbursement program, and DOE estimates \$50,000 in one-time costs for system upgrades. DOE also anticipates the need for an additional 0.5 of a position in the Office of School Nutrition to administer the program at a total cost of \$95,796, including salary, benefits and technology costs.

Other: This bill is similar to SB4 as introduced.