

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 5684

# STATE OF NEW JERSEY

DATED: JANUARY 4, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 5684.

As amended by the committee, this bill would require school districts and nonpublic schools participating in the National School Lunch Program to provide free lunch, during the 2024-2025 school year, to students who are federally eligible for free or reduced price school lunch, as well as to students who are federally ineligible for free or reduced price school meals, but who have an annual household income of not more than 224 percent of the federal poverty level (FPL). The bill would additionally amend existing law at section 12 of P.L.2022, c.104 (C.18A:33-14a) to clarify that both public and nonpublic schools offering school breakfasts to students in the State, pursuant to the federal School Breakfast Program, will be required to provide such breakfasts, free of charge, both to federally eligible students and to students who are federally ineligible for free or reduced price school meals, but who have an annual household income amounting to not less than 186 percent, and not more than 224 percent, of the FPL.

Under existing federal law, a student is federally eligible to receive free or reduced price school lunch under the National School Lunch Program, or free or reduced price school breakfast under the federal School Breakfast Program, only if the student is determined to be categorically eligible for such benefits (i.e., is determined to be a homeless child, a migrant child, a runaway child, a foster child, or a Head Start Child, or is a participant in certain public benefits programs) or can demonstrate that the student lives in a low-income household (i.e., a household with an annual income that is not more than 185 percent of the federal poverty level). Through the recent enactment of the “Working Class Families’ Anti-Hunger Act,” P.L.2022, c.104 (C.18A:33-3.2 et al.), the State of New Jersey has also provided for the expanded provision of free school lunches and breakfasts to students in the State who reside in certain middle-income families (previously defined as those families having an annual household income of up to 199 percent of the FPL). This bill would further amend and supplement the Working Class Families Anti-Hunger Act to expressly apply the provisions of that existing law to nonpublic schools that elect to participate in the National School

Lunch Program, and to additionally expand the income eligibility standards applicable to students in the 2024-2025 school year.

All students who become newly eligible for free school lunch or breakfast, under the bill's expanded income eligibility provisions, would be eligible to continue receiving such free meals through a summer meals program, and, if enrolled at a public school, would also be able to continue receiving free meals through an emergency meals distribution program that is activated during a period of public school closure resulting from COVID-19.

Consistent with the reimbursement requirements established under the Working Class Families Anti-Hunger Act, the bill would require the State to provide funding to each school district and nonpublic school that participates in the National School Lunch Program, as may be necessary to reimburse the costs associated with the provision of free lunches thereby, in school year 2024-2025, to students who are federally ineligible for such meals, but who satisfy the bill's expanded, State-level income eligibility requirements for that year. The bill would further require the Department of Agriculture, in consultation with the Department of Education, to establish a standardized means by which to review the State reimbursement amounts being allocated under the bill, and under the existing Working Class Families Anti-Hunger Act, in order to determine whether, and the extent to which, participating school districts and nonpublic schools are receiving adequate reimbursement, from the State, sufficient to account for each participating school's actual costs of meal delivery, including, but not limited to, food, labor, and other related costs.

The bill would require each report that is annually submitted, to the Governor and Legislature, on the State's school lunch and breakfast programs to identify, as appropriate, for each participating school district and nonpublic school in the State: (1) the total number and percentage of students receiving subsidized school meals who have been determined to be, respectively, federally eligible for free school lunch or breakfast, federally eligible for reduced price school lunch or breakfast, income-eligible for free school lunch or breakfast on the basis of State-level income eligibility requirements, or neither categorically eligible nor income-eligible for free or reduced price lunch or breakfast; and (2) the number and percentage of such students who reside, respectively, in low-income families and in middle-income families, as defined under the bill.

The bill would require school districts and nonpublic schools that participate in the National School Lunch Program or the federal School Breakfast Program to take steps to minimize or offset program costs, to the extent that such costs can be minimized or offset without compromising the ability of the district or nonpublic school to comply with minimum nutritional standards and other program requirements. To facilitate such legally compliant cost minimization activities, the bill would require the Department of Agriculture, in consultation with

the Department of Education, to: (1) monitor, inspect, and oversee school meals programs operating in the State to ensure that school meals served thereunder continue to satisfy minimum nutritional standards; (2) develop and publicize best practices, protocols, and model plans to help participating school districts and nonpublic schools effectively minimize and offset program costs without compromising the nutritional value of meals being served; and (3) work cooperatively with each participating school district and nonpublic school to review the program costs being expended thereby, identify various means and methods by which those program costs can be reduced, curtailed, or eliminated without sacrificing nutritional value or legal compliance, provide relevant financial recommendations, and undertake or recommend other appropriate actions to prevent the State's school meals programs from becoming overly bloated with unnecessary expenses and from otherwise becoming financially burdensome.

Finally, the bill would require the Office of the Food Security Advocate to establish a Working Group on School Food Security to identify and develop best practices, policies, and plans, and to take other appropriate action, to promote and facilitate the effective functioning of the State's school meals programs and the expanded provision, thereunder, of free school meals to students in the State. Within one year after its formation, and on a regular basis thereafter as deemed by the food security advocate to be appropriate, the Working Group on School Food Security would be tasked with: (1) conducting a study on school food security issues, in accordance with the bill's provisions, and recommending further State-level action to facilitate the provision of free school meals to enhanced numbers or categories of students in the State; and (2) develop and publish a plan to facilitate and promote the adoption, by the United States Congress and President, of federal legislation authorizing the nationwide provision of free school meals to all students in the country, and providing federal reimbursement for all such meals served by schools and school districts in the states.

As amended and reported by the committee, Assembly Bill No. 5684 is identical to Senate Bill No. 4055, which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) alter the household income range necessary to qualify as a "middle-income family" under the bill, from an original range of 186-249 percent of the federal poverty level to a narrower range of 186-224 percent of the federal poverty level, and authorize free breakfasts, as well as free lunches, to be provided to students in that middle-income bracket.

(2) delete provisions of the bill that would have required the Department of Agriculture, in consultation with the Department of Education, to adopt rules and regulations establishing a standardized means by which to annually review, and determine the adequacy of, the State reimbursement amounts being allocated under the bill and existing law; and

(3) make technical changes to replace certain prior references to the State Department of Education with corrected references to the United States Department of Agriculture, which is responsible for setting minimum nutritional standards for school meals.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that raising the income threshold, to 224 percent of the federal poverty level, for free school lunches provided by public schools and directing the Department of Agriculture to reimburse nonpublic schools for certain free school lunches during the 2024-2025 school year will increase State expenditures from the General Fund by approximately \$27.1 million during FY 2025.

In addition, the OLS estimates that raising the income threshold, to 224 percent of the federal poverty level, for free school breakfasts provided by public schools and directing the Department of Agriculture to reimburse nonpublic schools for certain free school breakfasts will increase State expenditures from the General Fund by approximately \$7 million annually.

The bill will also result in expenditure increases by the State and by school districts, since it requires various additional administrative tasks, such as processing an increased amount of meals reimbursement requests and approvals. However, the OLS estimates that these tasks can be subsumed within existing staff duties. The OLS notes that the bill requires the Office of the Food Security Advocate, in but not of the Department of Agriculture, to establish a Working Group on School Food Security, which will, among other things, conduct regular studies on school food security issues. It is unclear whether the Office of the Food Security Advocate can accomplish this task using moneys already appropriated to it, or whether it will require an additional appropriation in future fiscal years.