


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: October 25, 2018

SUBJECT: Fiscal Impact Statement – Healthy Students Amendment Act of 2018

REFERENCE: Bill 22-313, Committee Print as shared with the Office of Revenue
Analysis on October 17, 2018

Conclusion

Funds are not sufficient in the fiscal year 2019 through 2022 budget and financial plan to implement the bill. The bill will cost \$911,000 in fiscal year 2019 and \$3.387 million over the four-year financial plan.

Background

The Healthy Schools Act of 2010¹ established health and nutrition requirements for District schools including nutrition and food-sourcing standards, local breakfast and lunch reimbursements, and public disclosure requirements for meals. The Healthy School Act also specified physical education and health education requirements and standards at District schools. The programs enacted as a result of the Act are funded through an annual budget appropriation of \$4.266 million.² The bill makes several changes³ to Healthy School Act programs.

The bill expands the District's School Breakfast Program by:

- Increasing the healthy school breakfast subsidy amount from \$0.10 per meal served to \$0.20 per meal served.

¹ DC Official Code § 38-821.01.

² DC Official Code § 38-821.02.

³ By amending The Healthy Schools Act of 2010, effective July 27, 2010 (D.C. Law 18-209; D.C. Official Code § 38-821.01 et seq.).

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- Setting the reduced-price lunch co-payment subsidy amount at the greater of \$0.40 or the difference between the U.S. Department of Agriculture reimbursement rate for a free lunch and a reduced-price lunch.⁴
- Creating an annual subsidy of \$2 per student at each public school, public charter school, and private school that implements a breakfast alternative serving model.⁵
- Requiring public, public charter, and participating private schools with more than 40 percent of students qualifying for free or reduced-price meals to offer alternative serving models each day both before and after the start of the school day.
- Allowing the Office of the State Superintendent of Education (OSSE) to grant a waiver to a school that is required to serve breakfast in the classroom if the school submits a written action plan to OSSE showing a strategy to use an alternate serving model that will enable the school to reach a breakfast participation rate of 75 percent.

The bill requires the Office of Planning (OP) to develop recommendations for the Mayor, by May 1, 2019, on best practices for building and managing a central District kitchen. The report must include:

- Research and case studies on central kitchens in other jurisdictions;
- Identify what agency or agencies should design, build, and manage a central kitchen; and
- Consider how a central kitchen could serve schools, child development centers, senior centers, recreation centers, and corrections facilities.

The bill requires⁶ the District of Columbia Public Schools (DCPS), public charter schools (PCS), and participating private schools to serve vegetarian food options for breakfast and lunch every day at all grade levels. Vegetarian meals must rotate daily to avoid repetition. Vegetarian meals must be clearly labeled or identified as vegetarian. Currently schools are encouraged but not required to serve vegetarian food.

The bill requires DCPS to conduct a Good Food Purchasing Program⁷ (GFPP) baseline assessment by December 31, 2019 to determine how DCPS could better meet the GFPP core values. DCPS must use the findings from this assessment to increase food procurement consistent with the GFPP by December 31, 2020. Public schools, public charter schools, and participating private schools are strongly encouraged to procure food in a manner consistent with the GFPP's core values.

The bill establishes physical education and physical activity goals for different age groups. For students in Kindergarten through Grade 5, schools must have a goal of providing an average of 150 minutes of physical education per week. If schools provide less than an average of 100 minutes per week of physical education, those schools must submit an action plan to OSSE to increase the amount of time provided each week. For students in Grades 6 through 8, schools must have a goal of providing an average of 225 minutes of physical education per week. If schools provide less than an average of 150 minutes per week of physical education, those schools must submit an action plan to OSSE to increase the amount of time provided each week. At least 50 percent of physical education class time must be devoted to moderate-to-vigorous physical activity.

⁴ See 83 FR 34105. Available: <https://www.gpo.gov/fdsys/pkg/FR-2018-07-19/pdf/2018-15465.pdf>

⁵ Breakfast alternative models include breakfast after the bell and breakfast in the classroom.

⁶ By amending D.C. Official Code § 38-822.01.

⁷ The Center for Good Food Purchasing operates a Good Food Purchasing Program that assists institutions on creating a transparent and equitable food system. (See: <https://goodfoodpurchasing.org>)

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The bill requires DCPS and PCS to provide 60 minutes of moderate-to-vigorous physical activity per day to students in Pre-K 3 and Pre-K 4 (PK3 and PK4). Schools are encouraged to provide 90 minutes of physical activity per day, including two 20-minute sessions of outdoor activities per day.

The bill allows OSSE to provide and coordinate annual professional development sessions for school personnel, provided by a certified instructor and based on nationally-recognized standards related to incorporating physical activity into classroom instruction, classroom instruction breaks, and active recess. The bill requires OSSE to issue a biennial report starting in 2018 on the compliance of DCPS and PCS with the physical activity for PK3 and PK4 students and professional development requirements. OSSE is granted the authority to deem a school ineligible for grants from the Healthy Schools Fund if the school is found to have a local wellness policy that does not conform with these standards or if a school does not comply with its own local wellness policies.

The bill changes the name of Healthy Schools and Youth Commission to the Healthy Youth and Schools Commission. The Commission may participate in OSSE's grant review process to award grants from the Healthy Schools Fund.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2019 through 2022 budget and financial plan to implement the bill. The bill will cost \$911,000 in fiscal year 2019 and \$3.387 million over the four-year financial plan.

The bill creates an annual subsidy of \$2 per student at each public school, public charter school, and private school that implements a breakfast alternative serving model. The cost of implementing this subsidy will be \$184,320 in fiscal year 2019 and \$747,170 over the four-year financial plan.

The bill increases the healthy school breakfast subsidy amount from \$0.10 per meal served to \$0.20 per meal served. Approximately 6.2 million healthy breakfast meals were served in the District during fiscal year 2018. The number of meals served will likely increase over the course of the financial plan due to projected enrollment increases.⁸ Taking enrollment increases into consideration, the Office of Revenue Analysis estimates that OSSE will need an additional \$626,700 in fiscal year 2019 and \$2.5 million over the four-year financial plan to implement the subsidy increase.

OSSE can implement reporting requirements and professional development trainings within existing resources. In total, OSSE requires an additional \$811,000 in fiscal year 2019 and \$3.288 million over the financial plan to implement the bill.

Healthy Students Amendment Act of 2018					
OSSE Total Fiscal Impact					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
\$2 Subsidy per Student	\$184,000	\$186,000	\$187,000	\$190,000	\$747,000
Additional Breakfast subsidy per meal served	\$627,000	\$632,000	\$637,000	\$645,000	\$2,540,000
Total OSSE Cost	\$811,000	\$818,000	\$825,000	\$834,000	\$3,288,000

⁸ See: A Study of Enrollment Projections for D.C.'s Public Schools: Assuring Accuracy and Transparency, <http://dcauditor.org/wp-content/uploads/2018/07/Enrollment.Report.9.28.18.pdf>

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OP is required to submit a report to the Mayor by May 1, 2019 on best practices for building and managing a central kitchen. OP will need funds to contract with an outside consultant to produce the report. OP estimates that the consultant contract will cost \$100,000 in fiscal year 2019 based on similar studies conducted in the past.

Healthy Students Amendment Act of 2018					
Office of Planning Total Fiscal Impact					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Centralized Kitchen Study	\$100,000	\$0	\$0	\$0	\$100,000
Total OP Cost	\$100,000	\$0	\$0	\$0	\$100,000

DCPS can absorb the cost of conducting a GFPP baseline assessment by December 31, 2019 and increase food procurement consistent with the GFPP by December 31, 2020. The GFPP baseline assessment and subsequent future procurement mapping is expected to cost \$10,000 over a three-year period. DCPS can implement the vegetarian food requirements in the bill using the increase in OSSE subsidy funds. Additionally, DCPS can implement the PK3 and PK4 physical activity standards required in the bill without additional resources.

Public charter schools that do not meet the bill's vegetarian meal requirements will need to negotiate with food vendors to include daily vegetarian meals. Charter schools can use the increase in OSSE subsidy funds to offset any food service cost increases. Additionally, public charter schools will need to allocate staff time towards writing physical activity action plans if schools do not meet the physical activity goals required in the bill. Charter schools will use current staff to complete these action plans. Public charter schools can implement the PK3 and PK4 physical activity standards required in the bill without additional resources.