



- Subject to General Assembly appropriations, state expenditures may increase by approximately \$1.1 million per year, based on FY 2006 costs, to provide free breakfasts to children eligible for reduced-price breakfasts under federal guidelines.

### ***Local Fiscal Highlights***

<b>LOCAL GOVERNMENT</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FUTURE YEARS</b>
<b>School Districts</b>			
Revenues	- 0 -	Potential gain, subject to General Assembly appropriations, to provide free breakfasts offset by the cost of those breakfasts	
Expenditures	Potential increase in administrative costs		

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- School districts offering reduced-price breakfasts to eligible students would receive state revenue, subject to General Assembly appropriations, to cover the costs of providing free breakfasts. This revenue would be offset by the cost of those breakfasts.
- School districts, community schools, and chartered nonpublic schools may incur administrative costs as a result of meeting the bill's requirements for complying with food and beverage guidelines, for compiling and distributing annual compliance reports, for establishing school nutrition and physical activity committees, and for local wellness policies.

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## ***Detailed Fiscal Analysis***

### **Ohio Child Wellness Advisory Council**

The bill creates the Ohio Child Wellness Advisory Council within the Governor's office to make policy recommendations to the State Board of Education and the Department of Health for the improvement through school activities of children's nutrition, physical education, and physical activity. The members of the Council are not compensated for their services, although some costs may result from travel and meal reimbursements. The Governor's office may also incur some administrative costs related to the operations of the Council.

Any costs to schools of implementing the Council's recommendations cannot be estimated before the recommendations are complete. In order to assist school districts, community schools, and chartered nonpublic schools in implementing the recommendations of the Council, the bill requires that the departments of Education (ODE) and Health (ODH) provide technical assistance. Additionally, they are required to issue a joint report to the Council each year on the status of implementation of district and school efforts to improve child wellness. Each department may experience administrative costs in meeting these expectations.

### **Restrictions on "a la carte" food and beverage sales in schools**

Continuing law requires school districts to adopt standards governing the types of food that may be sold on school premises. The bill extends this requirement to community schools and chartered nonpublic schools and includes standards for beverages as well as food. The bill also requires each school to prepare an annual report regarding compliance with the standards it adopts. This report is to be submitted to the Ohio Child Wellness Advisory Council, presented at a meeting of the school board or governing authority, and made available to the public upon request.

In addition to the future recommendations of the Council, the bill includes specific restrictions, beginning July 1, 2008, on "a la carte" food and beverage sales that must be included in each school's standards. "A la carte" items are defined in the bill and in general include individually priced items available for sale to students during the school day. They do not include items that are part of a complete meal provided through the federally subsidized breakfast and lunch programs or items sold outside of the school day, such as at a sporting event. The bill enumerates its restrictions on beverage sales for each type of school (elementary, middle, or high). The restrictions on food sales, however, are dependent on food ratings developed by the Center for Healthy Weight and Nutrition at the Columbus Children's Hospital. This center has created a software program that can be used to categorize food as "best choice," "choose occasionally," or "choose rarely" based on criteria established by the Center. The bill requires that this software be made available free of charge to each public and chartered nonpublic school. According to ODE, the cost of the software is approximately \$100 per school and it would need to be provided to 4,822 schools in the state. The total one-time cost of this provision is, therefore, \$482,200.

Separately from the bill's restrictions, the Alliance for a Healthier Generation, a joint initiative between the American Heart Association and the William J. Clinton Foundation, and representatives from PepsiCo, Coca-Cola, Cadbury Schweppes, and the American Beverage Association recently collaborated to set up guidelines for serving nutritious and lower calorie beverages in schools during the school day. The goal of this compact is to achieve implementation of these standards in 75% of schools under contract prior to the beginning of the 2008-2009 school year, which coincides with the timing of the bill's restrictions. In addition, parties will try to achieve implementation in all schools prior to the beginning of the 2009-2010 school year, provided that schools and school districts permit the modification of existing school contracts. According to the Ohio Soft Drink Association, company representatives in Ohio have agreed with this policy and are currently moving forward to accomplish its goals. The Alliance has worked with Campbell Soup Company, Dannon, Kraft Foods, and Mars to offer better nutritional food choices in schools as well.

The beverage standards offered by the Alliance appear to be more restrictive than those set by the bill.<sup>1</sup> For example, the Alliance's standards for beverages sold at elementary schools are identical to the bill's standards except that the bill restricts the calories in milk to 180 per eight ounces and the calories in fruit juice to 160 per eight ounces, whereas the Alliance restricts the calories per eight ounces to 150 and 120, respectively. It is possible that schools may see changes in the amount of revenue they collect from contracts for food and beverage sales when the choices provided to students are changed. Given that the food and beverage industry is moving toward similar nutritional standards for items sold in schools, however, the additional fiscal impact of the bill's restrictions on revenues from these sales likely will not be significant. In addition, the bill exempts schools with existing contracts with food and beverage vendors from complying with the bill's restrictions until the existing contracts expire.

### **Local wellness policies**

Federal law requires that schools that accept federal funding for school nutrition, lunch, or breakfast programs establish a local school wellness policy. The bill extends this requirement to all school district, community, and chartered nonpublic schools regardless of whether they accept federal funding for nutrition, lunch, or breakfast programs. The bill also expands the required contents of the policy beyond that mandated by the federal government to include such things as the bill's restrictions on "a la carte" food sales for example. Under the bill, therefore, schools without policies would have to adopt them and schools that already have them in place would have to change their policies to meet the bill's standards. In addition, the bill requires that schools establish school nutrition and physical activity committees to adopt and oversee implementation of the school's local wellness policy as well as perform other duties related to nutrition and physical activity for its students. These requirements may increase the administrative burden of the schools, but will likely not lead to significant cost increases.

### **ODE's role in assuring compliance**

The bill requires ODE, at least once every five years, to determine whether each school is in compliance with the bill's restrictions on "a la carte" food and beverage sales and has established a

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<sup>1</sup> Please see the bill analysis and [www.HealthierGeneration.org](http://www.HealthierGeneration.org) for the beverage guidelines set forth by the bill and Alliance for a Healthier Generation, respectively.

school nutrition and physical activity committee that has adopted and implemented a local wellness policy that complies with the bill's provisions. The bill states that these determinations may be made in conjunction with ODE's regular review of each school's food service program. Currently, ODE is required to review the food service program in school districts participating in the National School Lunch Program (NSLP) once every five years to check for compliance with USDA regulations. Funding for these reviews is supplied by the USDA. If ODE can couple the bill's required review with its current review, presumably the additional cost may not be significant. Under the bill, however, ODE must review all school district, community, and chartered nonpublic schools regardless of whether they participate in NSLP and the content of the review is expanded.

According to ODE, the additional reviews and the change in scope of the reviews may require an additional nine to ten staff persons. Currently, ODE employs nine full-time and two intermittent staff to conduct their school food authority reviews. So, ODE expects to need to double the number of staff people doing reviews. Part of the reason for this increase may be that ODE does not know whether the USDA would allow ODE to couple its compliance check of the bill's standards with that of the NSLP program. If this coupling is possible, however, perhaps fewer staff members will be needed. Current review staff earn an average salary of \$31.40 per hour. At this rate plus 30% for benefits, each additional staff person would cost approximately \$85,000 per year.

### **School Breakfasts**

The bill requires, beginning July 1, 2008, that each school district, community school, and chartered nonpublic school that participates in a federally subsidized school breakfast program provide free breakfasts to each student who is eligible under federal requirements for a reduced-price breakfast in addition to those students eligible under federal requirements for a free breakfast. The bill makes this requirement subject to General Assembly appropriations to pay the cost. According to ODE figures, 3,581,521 reduced-price breakfasts were served to students in FY 2006. At \$0.30 per reduced-price meal, the cost of this provision would have been approximately \$1.1 million (3,581,521 X .30) that year.

### **Nutrition Certificates**

The bill requires the State Board of Education, by July 1, 2009, to issue a school nutrition certificate that is valid for five years. All persons hired to oversee the daily operations of a school food service program after that date must be certified under the program. Any person hired to oversee a food service program prior to July 1, 2009, would have to be certified by July 1, 2011. The State Board is required to establish coursework to obtain certification, as well as develop alternative credentialing and certification renewal standards. ODE expects this provision to result in minimal costs, as current staff could absorb most of these functions. In addition, they anticipate approximately 1,000 applications in the first year and fewer in later years and that fees for the certificates would likely cover most new costs to the state.

Currently, each school district has at least one individual who oversees its food service program. In most cases, these supervisors are not specifically trained as a nutritionist or dietician. However, ODE offers voluntary, in-service nutrition training to those who want it. In addition, some school districts

have hired trained nutritionists or dieticians to oversee their programs. Assuming the State Board adopts standards that can be met with the in-service training currently offered, schools with individuals already receiving the training should see little, if any, costs. Some school districts, community schools, and chartered nonpublic schools may see additional costs for expenses associated with attending training and continuing education classes if they choose to reimburse these expenses for their employees.

### **Physical Education Coordinator**

The bill requires ODE to employ a full-time physical education coordinator. Am. Sub. H.B. 119, the main appropriations act of the 127th General Assembly, already requires the appointment of a physical education coordinator. According to ODE, they have received applications for the position and should meet the deadline set by H.B. 119 of October 31 for appointing a coordinator. The bill's provision should not result in any additional costs.

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