

**JOINT PUBLIC HEARING ON
Bill 18-564, "HEALTHY SCHOOLS ACT OF 2010"**

**Before the
Council of the District of Columbia**

**Committee of the Whole
The Honorable Vincent Gray, Chairman
and
Committee on Government Operations and the Environment
The Honorable Mary Cheh, Chairperson**

**March 26, 2010, 11:00 a.m.
Council Chambers
John A. Wilson Building**



**Written Testimony of
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Comments On The Full Implementation Costs¹

In five titles, the Healthy Schools Act of 2010 proposes fundamental changes to public school food service and nutrition programs, physical education curriculum, health and wellness programs and services, and the environmental programs at schools. The OCFO estimates that the cost of implementing the proposed legislation will be \$6.6 million in FY 2011 and \$23.9 million for FY 2011 through FY 2014, financial plan period. Some provisions will not be fully implemented until FY 2015, and the proposed legislation will continue to have additional cost implications beyond the financial plan. We expect additional costs to be \$2.7 million annually starting in FY 2015.

Table 1 – Estimated Cost of Healthy Schools Act (in thousands of dollars)

	FY2011	FY2012	FY2013	FY2014	Four Year Total
Section II - School Nutrition ¹	\$5,556	\$4,825	\$4,825	\$4,825	\$20,030
Title III - Farm-to-School Initiative	\$703	\$703	\$703	\$703	\$2,811
Section IV - Childhood Obesity and Physical Education	Cannot be estimated at this time				
Title IV – Environment	\$206	\$175	\$175	\$175	\$730
Title VI – Health and Wellness ¹	\$83	\$83	\$83	\$83	\$332
Title VII – Healthy Youth and Schools Commission	NA	NA	NA	NA	\$0
TOTAL COSTS OF Healthy Schools Act	\$6,547	\$5,785	\$5,786	\$5,786	\$23,903

¹ Excludes some costs that cannot be estimated at this time.

This estimate excludes various cost components, specifically resources that might be required to implement the reimbursement mechanism from Office of the State Superintendent of Education (OSSE) to Local Education Agencies (LEAs), and various

¹ The cost estimates provided on this testimony is based on the draft legislation shared with the OCFO on March 17, 2010.

health education and health check provisions. Additionally, some provisions, specifically related to physical education facilities, will require additional capital investments that are not currently incorporated into District's capital expenditure plan or the Master Facilities Plan.

The section-by-section analysis presented next will discuss the estimated costs in greater detail.

Title II - School Nutrition

Five provisions of this title have fiscal implications that can be estimated at this time: (1) reimbursements for public and public charter schools that meet USDA's HealthierUS School Challenge guidelines at the Gold Award Level, (2) eliminating the charge for students at public schools who meet the requirements for reduced-price lunch in return for a locally funded reimbursement, (3) free breakfast at all public schools, breakfast served outside of cafeterias, (4) availability of cold, filtered water to all students at or near cafeterias, and (5) requiring that competitive food sales (*a la carte*, vending and others) meet HealthierUS School Challenge guidelines.

Reimbursements For HealthierUS School Challenge, Gold Award Level

The proposed legislation encourages all District of Columbia Public Schools (DCPS) and charter schools to meet the USDA's HealthierUS School Challenge Program at the Gold Award Level. HealthierUS School Challenge guidelines apply to school lunches and require that schools serve a different vegetable and fruit every day of the week, provide only low-fat or fat-free milk, and replace processed grains with whole-grains.² OSSE will provide a 10¢ reimbursement per breakfast and lunch when meals meet these standards.³ The estimated cost of this reimbursement could be up to \$1.6 million for DCPS and

² The legislation requires that school lunches meet a subset of the guidelines at the Gold Award Level in order to qualify for the reimbursement.

\$890,000 for charter schools for a total of \$2.5 million in FY 2011, and \$9.9 million in the four year financial plan period. In addition, OSSE would be required to hire additional staff to oversee implementation including monthly visits to schools, and issue fines for schools that do not comply with the guidelines despite receiving subsidies. We estimate that OSSE would be required to hire three FTEs in FY 2011 at an annual cost of \$248,000, or \$994,000 over the four year financial plan.

No Charge For Students Qualifying For Reduced-Price Meal

The proposed legislation would require that no public schools student who qualifies for reduced price meals be charged for these meals. Schools will, in return, receive a reimbursement from OSSE to cover this foregone revenue. DCPS currently charges 20¢ to its reduced-price students. Charter schools charge up to 30¢ for breakfast and up to 40¢ for lunch. Given these amounts⁴ and the number of students eligible for reduced-price meals in DCPS and charter schools, the total amount of reimbursements to public schools is estimated to be \$604,000 in FY 2011, and approximately \$2.4 million over the FY 2011 through FY 2014 financial plan period.

Free Breakfast For All Students

The proposed legislation would require the provision of free breakfast to all students at the District's public and public charter schools starting in school year 2011. DCPS currently provides free breakfast to all of its students and therefore would not require additional funds to implement this provision.⁵ One third of charter schools serve their students free breakfast. Providing free breakfast to the rest of charter school students would require charter schools to spend up to approximately \$1.2 million in FY 2011 and \$4.7 million in the four year financial plan period.

³ HealthierUS School Challenge Program guidelines only apply to lunch. As drafted, schools would automatically qualify for breakfast reimbursements so long as their lunches meet these guidelines.

⁴ There is no set reimbursement amount in the legislation. To estimate the potential reimbursement amount, we used the current charge at DCPS for DCPS students and maximum allowable reimbursement for charter schools.

No funding source or mechanism is identified in the legislation to cover these costs. Currently, public charter schools receive funding from the District of Columbia, as determined by the Uniform per Pupil Funding Formula, to cover their operational expenses. Requiring public charter schools to provide free breakfast would imply that charter schools cover these costs using their formula dollars, or pass these costs to students through other means.⁶

Breakfast Outside Cafeterias

Under the proposed legislation, schools would be required to serve breakfast outside of the cafeterias. Currently, except for a small pilot program, DCPS does not serve breakfast outside cafeterias and very few do across the charter schools. The only cost associated with this requirement is an initial investment for equipment including carts, coolers, recycling containers or trash bins, serving boxes, and storage space, as well as creating marketing/promotional materials for students and their families. We estimate that this initial investment would be approximately \$300,000 for DCPS and \$237,000 for public charter schools in FY 2011.

Cold, Filtered Water In And Around Cafeterias

The legislation would require serving of cold, filtered water to all students at areas where lunch is served. Not all school lunchrooms currently provide free cold, filtered water to students. The cost of installing a water filter system is approximately \$870 per school and filters cost around \$1,500. Given these costs, we estimate that the provision of cold filter water would require an investment of \$290,000 at DCPS and \$226,000 across charter schools in FY 2011 for a total cost of \$516,000 or \$1.5 million over the four year financial plan period.

⁵ The uptake rate at DCPS is very low. Should that rate increase DCPS might require additional funds.

⁶ If charter schools meet the lunch requirements set forward in the legislation, they will qualify for 10 cent reimbursements for each breakfast they serve.

These five provisions combined are estimated to cost \$5.6 million in FY 2011 and approximately \$20 million over the financial plan period. Table 2 presents a summary of the cost estimates discussed under this title.

Table 2 – Estimated Cost of Title II – School Nutrition (In thousands of dollars)

	FY2011	FY2012	FY2013	FY2014	Four Year Total
OSSE					
Reimbursements to meeting HealthierUS Gold Award Level Standards ¹					
<i>to DCPS</i>	\$1,589	\$1,589	\$1,589	\$1,589	\$6,356
<i>to Charter Schools</i>	\$890	\$890	\$890	\$890	\$3,560
Total	\$2,479	\$2,479	\$2,479	\$2,479	\$9,915
Reimbursements for eliminating the charge for reduced-price students ²					
<i>to DCPS</i>	\$250	\$250	\$250	\$250	\$1,000
<i>to Charter Schools</i>	\$354	\$354	\$354	\$354	\$1,417
Total	\$604	\$604	\$604	\$604	\$2,417
Oversee Implementation and Issue Fines ³	\$248	\$248	\$248	\$248	\$994
OSSE TOTAL*	\$3,332	\$3,332	\$3,332	\$3,332	\$13,326
DCPS					
Free Breakfast for All Students	\$0	\$0	\$0	\$0	\$0
Serving Breakfast Outside of Cafeterias ⁴	\$300	\$0	\$0	\$0	\$300
Provide Free Cold, Filtered Water Where Meals Served ⁵	\$290	\$180	\$180	\$180	\$830
DCPS TOTAL	\$590	\$180	\$180	\$180	\$1,130
Charter Schools					
Free Breakfast for All Students ⁶	\$1,171	\$1,171	\$1,171	\$1,171	\$4,685
Serving Breakfast Outside of Cafeterias ⁴	\$237	\$0	\$0	\$0	\$237
Provide Free Cold, Filtered Water Where Meals Served ⁵	\$226	\$142	\$142	\$142	\$652
CHARTERS TOTAL	\$1,634	\$1,313	\$1,313	\$1,313	\$5,574
TOTAL COST OF TITLE II*	\$5,556	\$4,825	\$4,825	\$4,825	\$20,030

TABLE NOTES

* Totals might not add up due to rounding

¹The estimate uses 10 cents per breakfast and 10 cents per breakfast reimbursement when lunches meet standards established by USDA HealthierUS School Challenge Gold Award Standard. There are no applicable standards for breakfast. Currently, DCPS is working towards meeting the Bronze Award Level. If DCPS reaches the Gold Award Level, each school will receive a \$1,500 cash award from the USDA. The estimate assumes 100 percent participation rate.

²At DCPS, students that qualify for reduced price meals pay 20 cents for lunch and 30 cents for breakfast. Charter Schools can charge students who qualify for reduced price meals 30 cents for breakfast 40 cents

for lunch. Currently 33 percent of charter schools do not charge students for meals. This estimate of revenue loss is based on 66 percent of charter school students who qualify for reduced price meals paying 30 cents for breakfast and 40 cents for lunch. The estimate assumes 100 percent participation rate.

³3 FTEs hired at Grade 12, Step 5 with benefits.

⁴Breakfast at DCPS is free for all students but primarily served in cafeterias. Currently, DCPS is experimenting with breakfast in the classroom through a very small pilot program. The start-up costs to implement breakfast in the classroom (elementary schools) and other alternative serving models (middle/high schools) includes purchasing breakfast carry carts, coolers, recycling containers or trash bins, serving boxes, and storage space, as well as creating marketing/promotional materials for students and their families.

⁵Not all school lunchrooms currently provide free cold, filtered water to students. Based on an estimate from DCPS and OPEFM, the cost to install a water filter system is \$870 per school and the annual cost to replace a water filter is \$1,500 per school.

⁷One third of public charter schools currently serve breakfast free to all students. This calculation estimates the cost to provide free breakfast to the remaining charter school students based on the OSSE School Breakfast Program enrollment and the USDA maximum reimbursement for breakfast (\$1.74). This estimate is net of the maximum federal reimbursements these schools could qualify for breakfast.

Other Costs That Could Not Be Estimated At This Time

- Mechanism for flow of funds from OSSE to LEAs

It is important to note that Title II establishes revenue streams that would flow from OSSE to DCPS and public charter schools should these schools meet certain requirements. While the current flow of federal funds associated reimbursements related to school lunch programs already go through OSSE, it is important that the legislation clarifies the mechanism through which these funds will be directed to LEAs, and how these funds can be used at the LEAs. Additional funds might be required to support the necessary reporting system that would allow OSSE monitor meals served in order to determine the local reimbursement amounts.

- Central Kitchen Facility

Title II also requires that OPEFM and DRES to partner with DCPS to identify and convert property owned by the District into a central kitchen facility. Once implemented, this provision will have a cost, but since it does not have a timeline or impose a mandate on these institutions over the financial plan period, we exclude it from our estimates. At

the time such a facility is identified, costs associated with leasing or purchasing it or equipping, operating and managing the facility must be identified in the District’s budget.

Title III – Farm-to-School Initiative

This title establishes a 5¢ per lunch meal served incentive (administered by OSSE) to support food service providers that use locally grown, locally-process, and unprocessed fruits and vegetables in school lunches. The reimbursement will flow from OSSE to DCPS and public charter schools, and OSSE will report to Council on the farm-to-school initiatives.

Table 3 - Estimated Cost of Title III Farm-to-school program (In thousands of dollars)

	FY2011	FY2012	FY2013	FY2014	Four-Year Total
COSTS TO OSSE					
5 Cent per Lunch Reimbursement ¹					
<i>To DCPS</i>	\$397	\$397	\$397	\$397	\$1,589
<i>To Charters</i>	\$223	\$223	\$223	\$223	\$890
TOTAL	\$620	\$620	\$620	\$620	\$2,479
Administration and Reporting ²	\$83	\$83	\$83	\$83	\$332
TOTAL COST OF TITLE III	\$703	\$703	\$703	\$703	\$2,811

¹OSSE will provide a 5 cent reimbursement per lunch when at least one serving of fruit and vegetables in a lunch meal is locally grown and unprocessed. Estimate is based on all lunch meals meeting this requirement with 100 percent participation.

²1FTE hired at Grade 12, Step 5 with fringe benefits.

This reimbursement, if fully taken advantage of, is estimated to cost \$620,000 in FY 2011. Additionally, OSSE will detail one FTE to the administration of and reporting on the Farm-to-School program, at a cost of \$83,000 per year. Thus the total cost of this title is expected to be \$703,000 in FY 2011 and \$2.8 million in the four-year financial plan period.

Similar to other local reimbursements established in this legislation in Title II, the local reimbursement established in this Title lacks a description of the funding mechanism that

would allow funds to flow from OSSE to LEAs. As noted above, depending on the implementation mechanism, additional funding might be required to establish the necessary reporting components that would allow OSSE to calculate the reimbursements authorized under this title.

Title IV – Childhood Obesity And Physical Education

This section establishes a goal of 60 minutes of physical activity per day for all public and public charter school students and provides gradually increasing targets for physical education for different grade levels along with certain recommendations on how these targets might be met. It also authorizes OSSE to provide grants to public schools and public charter schools for increasing physical activity at schools, subject to appropriation of funds. Additionally, it requires that Department of Parks and Recreation treat public schools and public charter schools equally when providing access to its facilities. Finally, this section requires that starting August 2010, all students enrolled in public and public charter schools receive health education classes. Specifically, under the proposed legislation, students enrolled in Kindergarten through grade 2 would receive 40 hours of health education per school year and students enrolled in grades 3 through 12 would receive 80 hours of health education per year.

The OCFO is unable to provide cost estimates for this title at this time. There are two cost concerns associated with this title. First, to meet the proposed physical education requirements, facilities must be available to every public and public charter school throughout the entire academic year. Currently not all schools have access to facilities. While access to DPR facilities may partly alleviate this problem, this access is not guaranteed or may not be convenient for all schools, and even when available and convenient, some DPR facilities such as parks and fields will not be suitable during the winter months. In order to provide all public and public charter schools with physical education facilities dedicated to students, the five-year capital expenditure plan and the Master Facilities Plan must be changed to give priority to building such facilities.

The second cost concern is related to the health education requirement in this provision. Currently elementary school students at DCPS receive about 22 hours of combined physical education and health education per year, and middle school students receive about 15 hours combined. High school students receive approximately 20 hours of health education. Thus, DCPS does not meet the health education requirements of the proposed legislation. It is reasonable to assume that most charter schools do not meet these requirements as well. Without changing the length of the school day, one cost-neutral way for schools to meet this requirement would be changing the composition of classes, for example, by reducing instruction hours in other subjects and allocating resources to health education. However, the OCFO is not prepared to comment on the feasibility of this approach, since changing the curriculum may have other implications. Without further clarification on how these requirements could be met, it is not possible to estimate the fiscal impact of this requirement.

Title IV – Environment

The proposed subtitle creates a school recycling program for paper, bottles, cans, and cardboard (food service providers must also participate), and requires the Mayor to report on waste, recycling, and composting, including a school-by-school breakdown of waste.

Specifically, this title requires OPEFM to establish a recycling program and integrated pest management program at all DCPS schools, test drinking water for lead and publish the results online, and implement EPA Indoor Air Quality Tools for Schools Program by January 1, 2010. OPEFM already has a pest management contract that follows Integrated Pest Management principles, and already runs a recycling program for 59 DCPS sites. Extending the existing recycling program to the rest of the 64 DCPS facilities would require budgeting of \$123,000 in FY 2011, and \$398,000 in the FY 2011 through FY 2014 financial plan period. OPEFM already tests schools' drinking water for lead every

three years, and can publish results with its existing resources. Finally, implementing EPA Indoor Air Quality Tools for Schools program would require training for teachers or school administrators and possible capital infrastructure investment for air cooling and heating systems, amounts of which are unknown at this time.

This title also requires DDOE to develop a plan to measure and reduce energy consumption by 10 percent by August 1, 2015, and establish program to provide support and resources for school recycling. DDOE can meet the latter requirement with its existing resources.

Finally, DCPS would be required to use environmentally friendly cleaning supplies⁷ and stop using Styrofoam after October 1, 2014. Our research shows that at present, the cost of more environmentally friendly food service products is two to three times more expensive than Styrofoam and other plastic disposables. Our current estimate of the costs of this requirement is \$2.6 million dollars per year starting FY 2015. Should charter schools be included to follow this requirement they would have to spend \$804,000 more annually to purchase these environmentally friendly food services products.

Table 4 - Estimated Cost of Title V – Environment (In thousands of dollars)

	FY2011	FY2012	FY2013	FY2014	Four-Year Total
OPEFM					
Establish Recycling Program (by 12/31/2010) ¹	\$123	\$92	\$92	\$92	\$398
OSSE					
School Gardens Program	\$83	\$83	\$83	\$83	\$332
TOTAL COST OF TITLE V*	\$206	\$175	\$175	\$175	\$730

* Totals might not add up due to rounding.

¹ Currently, 59 DCPS sites recycle at a cost of \$80,000. To begin a recycling program at the remaining 64 DCPS facilities, start-up costs are about \$55,000 and the annual recycling costs are about \$92,000.

⁷ In FY 2009, DCPS, front office and schools combined, spent \$1.3 million on cleaning products. Schools do their own purchasing of cleaning supplies, and it is not clear at this time how many already by green products.

Lastly, this title would establish a School Gardens Program at OSSE, and require OSSE to report on this program to Council and Mayor by September 2011. OSSE will require one FTE to work on this program at a cost of \$83,000 in FY 2011 and \$332,000 over the financial plan period.

Title VI – Health And Wellness

This title establishes a local wellness policy, which would include, among other things, goals for improving environmental sustainability and increasing the use of locally grown and processed foods. The plan would be under OSSE's responsibility and be revised every three years. OSSE will require one FTE to review this wellness plan and monitor its implementation. The estimated impact of this provision is \$83,000 in FY 2011 and \$332,000 in the FY 2011 through FY 2014 financial plan period.⁸

Additionally, this title requires that all DCPS and charter schools collect data on Body Mass Index (BMI), waist-to-hip ratio, and estimated amount of physical activity of each student every year and report this data to OSSE. This data collection and reporting requirement will be completed by school nurses. While BMI information will be recorded on Health Certificates, the waist-to-hip ratio and data on time spent doing physical activity will be reported to OSSE.

The OCFO cannot provide a cost estimate on this requirement as drafted. Currently DCPS has a small pilot program on collecting this data, but expansion of these requirements to all public and public charter schools will impose costs that cannot be determined at this time. First, not all charter schools have nurses, and in the absence of nurses, it is not clear how this data will be collected. Second, there is no clear mechanism identified in the legislation for reporting to OSSE the collected data, and additional resources may be required to establish these systems. Further clarifications to the language would allow us to provide an estimate for this provision.

⁸ This is the salary and fringe benefits of one FTE hired at grade 12, step 5.

This title also requires that students at DCPS and public charter schools annually submit a certificate of health completed and signed by a physician. A previously published OCFO analysis⁹ found that DOH can absorb the costs of this requirement in its FY 2010 budget.

Other requirements of this title, specifically, developing a plan to build wellness centers in every DCPS comprehensive high school by 2015, and banning public or private gasoline/diesel powered vehicle from idling for more than 3 minutes near school buildings do not have a cost.

Title VII – Healthy Youth And Schools Commission

This title establishes a Healthy Youth and Schools Commission to advise the Council and Mayor on health, wellness, and nutritional issues. Each September, the Commission would be required to submit to Council and Mayor a comprehensive report on health, wellness, and nutrition of students and schools in the District. OSSE would provide administrative and technical support to the commission as necessary. Currently, there is a Mayor’s Commission on Food and Nutrition, and its enabling statute is set to expire. This new commission will replace it, so no additional funding is necessary to support this title.

⁹ Fiscal Impact Statement on Bill 18-006, “Student Health Care Amendment Act of 2009” is available online and upon request from OCFO.