

**Schedule 13**  
**Funding Request for the 2014-15 Budget Cycle**

Department: EDUCATION

Request Title: Start Smart Nutrition Program

Priority Number: R-9

Dept. Approval by: [Signature] 10/22/13  Decision Item FY 2014-15  
Date

OSPB Approval by: [Signature] 10/29/13  Base Reduction Item FY 2014-15  
Date  Supplemental FY 2013-14  
 Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
Fund		Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
<b>Total of All Line Items</b>	<b>Total</b>	1,543,495	-	1,691,478	397,505	500,000
	FTE	-	-	-	-	-
	GF	700,000	-	847,983	250,000	250,000
	GFE	-	-	-	-	-
	CF	143,495	-	143,495	(102,495)	-
	RF	700,000	-	700,000	250,000	250,000
	FF	-	-	-	-	-
(2) Assistance to Public Schools, (C) Grant Programs, Distributions, and Other Assistance, (1) Health and Nutrition, Start Smart Nutrition Program Fund	<b>Total</b>	700,000	-	700,000	250,000	250,000
	FTE	-	-	-	-	-
	GF	700,000	-	700,000	250,000	250,000
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(2) Assistance to Public Schools, (C) Grant Programs, Distributions, and Other Assistance, (1) Health and Nutrition, Start Smart Nutrition Program	<b>Total</b>	843,495	-	991,478	147,505	250,000
	FTE	-	-	-	-	-
	GF	-	-	147,983	-	-
	GFE	-	-	-	-	-
	CF	143,495	-	143,495	(102,495)	-
	RF	700,000	-	700,000	250,000	250,000
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes:  No:  If yes, describe the Letternote Text Revision:  
 c These amounts shall be from the Start Smart Nutrition Program Fund created in Section 22-82.7-105(1), C.R.S., including \$950,000 reappropriated funds from the General Fund moneys appropriated to the Start Smart Nutrition Program Fund line item in FY 2014-15 and \$41,000 cash funds from fund reserves

Cash or Federal Fund Name and COFRS Fund Number: Start Smart Nutrition Program Fund (Fund 20U)

Reappropriated Funds Source, by Department and Line Item Name: General Fund moneys

Approval by OIT? Yes:  No:  Not Required:

Schedule 13s from Affected Departments:

Other Information:

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### ***Cost and FTE***

- The Department requests a \$250,000 General Fund appropriation into the Start Smart Nutrition Program Fund in FY 2014-15 and beyond. The Department's request also appropriates the associated funding from the Start Smart Fund to the program (as reappropriated funds) and reduces the cash fund appropriation from the Start Smart Nutrition Program's reserves by \$102,495.

### ***Current Program***

- Student participation in the Start Smart school breakfast program has increased between 1.39 to 1.28 percent annually over the past several years. Most recently, the Program experienced a 7.25 percent growth from FY 2011-12 to FY 2012-13. In FY 2014-15, this growth will result in the reimbursement of over 900,000 more breakfasts than five years ago.

### ***Problem or Opportunity***

- Based upon recent growth trends, the Start Smart Nutrition Program does not have adequate spending authority or adequate General Fund moneys appropriated to the Start Smart Nutrition Program Fund line item in FY 2013-14 or FY 2014-15.

### ***Consequences of Problem***

- This request benefits local school districts and families. If this request is not funded, the Colorado Department of Education will not have sufficient funding to reimburse school districts for breakfasts provided to eligible participating students. Districts would be required to cover the \$.30 co-payment for reduced price breakfast meals or require families to pay the co-payment directly.
- This request also helps improve student achievement by providing low-income, food-insecure children access to a healthy and nutritious breakfast. Children who begin their days with a nutritious breakfast are more likely to achieve academic success. Furthermore, students participating in breakfast programs show greater improvements in math scores, attendance, and punctuality, as well as reduced depression, anxiety, and hyperactivity.

### ***Proposed Solution***

- More closely align the General Fund moneys appropriated to the Start Smart Nutrition Program Fund and Cash Funds appropriations to the projected Start Smart reimbursements and available fund balance, respectively.

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*State of Colorado*  
*Department of Education*  
*FY 2014-15 Funding Request*  
*November 1, 2013*

*John W. Hickenlooper*  
Governor

*Robert K. Hammond*  
Commissioner

**Department Priority: R-9**  
**Request Detail: Start Smart Nutrition Program**

<b>Summary of Incremental Funding Change for FY 2014-15</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>
Start Smart Nutrition Program (multiple line items)	\$397,505	\$250,000	(\$102,495)	\$250,000

**Request Summary:**

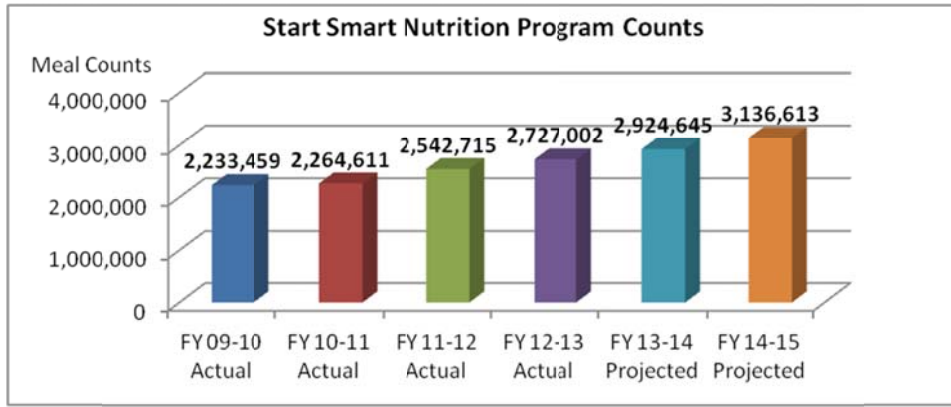
The Department requests \$250,000 a General Fund appropriations into the Start Smart Nutrition Program Fund in FY 2014-15 and beyond. The Department's request also appropriates the associated funding from the Start Smart Fund to the Start Smart Program line item (as reappropriated funds) and reduces the cash fund appropriation from the Start Smart Nutrition Program's reserves by \$102,495.

**Problem or Opportunity:**

The Start Smart participation level has increased between 1.39 to 12.28 percent annually over the past several years. Most recently, the Program experienced a 7.25 percent growth from FY 2011-12 to FY 2012-13. In FY 2014-15, this growth will result in the reimbursement of over 900,000 more breakfasts than five years ago. The Department has been able to manage to the annual increases over the years within the existing appropriations due to the availability of fund balance. However, in FY 2012-13 the Start Smart meal reimbursements began to reach a level that resulted in the significant draw-down of the available fund balance.

Based upon the most recently growth rate and projections, the Start Smart Program reimbursements are expected to exceed the current appropriations and available fund balance starting in FY 2013-14. This will cause the fund to have a deficit balance unless reimbursements are stopped when funding runs out. Therefore, it is necessary to increase the appropriations supporting the Start Smart Program in both FY 2013-14 and FY 2014-15 in order to respond to the growth in the Program and continue to reimburse school districts for breakfasts provided to eligible participating students.

The following graph shows meal reimbursements of the Start Smart Program. Additional Program details are provided on page 9.



When the Start Smart Nutrition Program was created, the General Assembly anticipated participation growth. The legislation outlines the range for funding through the annual Long Bill of an amount no less than \$700,000 and no more than \$1,500,000 for the Program, with the specific funding amount to be determined through the annual budget process. This request is consistent with the legislative intent and stated expectations.

***Proposed Solution:***

There are two line items in the Long Bill which collectively fund the Start Smart Program: the Start Smart Nutrition Program *Fund* and the Start Smart Nutrition Program. The General Fund appropriation to the Start Smart Nutrition Program Fund line item corresponds with the Reappropriated Funds portion of the Start Smart Nutrition Program line item.

The Department’s Start Smart Nutrition Program anticipated Supplemental Request and requested Request Item for each of these line items are described in detail below. There are no FTEs associated with this request.

Start Smart Nutrition Program Fund Line Item:

- *FY 2013-14 Supplemental Request:* The Department anticipates the need for an additional General Fund appropriation to the Start Smart Nutrition Program Fund line item in the amount of \$100,000, resulting in a total appropriation of \$800,000.
- *FY 2014-15 Request Item:* The Department requests an additional General Fund appropriation for the Start Smart Nutrition Program Fund line item of \$250,000 which will result in a total appropriation of \$1,097,983.

Start Smart Nutrition Program Line Item:

- *FY 2013-14 Supplemental Request:* The Department anticipates a corresponding need for additional Reappropriated Funds appropriation for the Start Smart Nutrition Program line item of \$100,000 and a reduction to the Cash Funds appropriation of \$26,495. This equates to a total appropriation of \$917,000, which is \$117,000 in Cash Funds and \$800,000 in Reappropriated Funds.

- *FY 2014-15 Request Item:* The Department requests a corresponding Reappropriated Funds appropriation for the Start Smart Nutrition Program line item of \$250,000 and a reduction to the Cash Funds appropriation of \$102,495. This will result in a FY 2014-15 total appropriation of \$1,138,983, which is \$41,000 in Cash Funds and \$1,097,983 in Reappropriated Funds. The Cash Funds appropriation is from fund reserves. The Reappropriated Funds appropriation is from the General Fund moneys appropriated to the Start Smart Nutrition Program Fund (\$950,000 for Start Smart reimbursements and \$147,983 for Breakfast After the Bell reimbursements).

These funding changes more closely align the General Fund appropriations and corresponding Reappropriated Funds appropriations with the projected reimbursements for the Start Smart and Breakfast After the Bell Programs as well as more closely align the Cash Funds appropriations to the available fund balance.

The table below outlines the net impact of the two line items described above:

<b>Table 1: FY 2013-14 Anticipated Supplemental Request</b>			
	<b>FY 2013-14 Appropriation</b>	<b>FY 2013-14 Supplemental</b>	<b>FY 2013-14 Total Funding</b>
General Funds	\$700,000	\$100,000	\$800,000
Cash Funds	\$143,495	(\$26,495)	\$117,000
<b>Total Funds</b>	<b>\$843,495</b>	<b>\$73,505</b>	<b>\$917,000</b>

<b>Table 2: FY 2014-15 Requested Decision Item</b>			
	<b>FY 2014-15 Appropriation</b>	<b>FY 2014-15 Decision Item</b>	<b>FY 2014-15 Total Funding</b>
General Funds *	\$847,983	\$250,000	\$1,097,983
Cash Funds	\$143,495	(\$102,495)	\$41,000
<b>Total Funds</b>	<b>\$991,478</b>	<b>\$147,505</b>	<b>\$1,138,983</b>
* The Appropriation includes \$700,000 for Start Smart and \$147,983 for Breakfast After the Bell. The Total Funding includes \$950,000 for Start Smart and \$147,983 for Breakfast After the Bell.			

***Anticipated Outcomes:***

This request will benefit local school districts and families. If this request is not funded, the Colorado Department of Education will not have sufficient funding for the Start Smart Nutrition Program to reimburse school districts for breakfasts provided to eligible participating students pursuant to Title 22, Article 82.7 of the Colorado Revised Statutes. As a result, the CDE would have to inform school districts that Start Smart funding is scheduled to run out before the school year ends. Districts would be required to cover the \$.30 co-payment for reduced price breakfast meals or require families to pay the co-payment directly.

If the burden of the co-payment is placed upon Colorado families, participation in the School Breakfast Program would likely drop. This may result in low-income, food-insecure children not having access to a healthy and nutritious breakfast.

In addition, policymakers are focused on ensuring that the Department's efforts are directed at improving student achievement. This request is aligned with that focus. In creating the Start Smart Nutrition Program, the General Assembly recognized that children's diets are an important influence on their current and future health, and children who begin their days with a nutritious breakfast are more likely to achieve academic success. According to Hunger Free Colorado, "Breakfast is critical to learning and health, and those experiencing hunger—estimated to be 22% of all children in Colorado—are more likely to exhibit behavioral, emotional and academic problems. Simply put, hungry kids cannot learn." Furthermore, Hunger Free Colorado, citing a recent analysis conducted by Deloitte, reports that students participating in breakfast programs show greater improvements in math scores, attendance, and punctuality, as well as reduced depression, anxiety, and hyperactivity.

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### ***Assumptions and Calculations:***

The federal School Breakfast Program (SBP), administered by the United States Department of Agriculture (USDA), provides reimbursement for breakfasts served by participating schools. To receive reimbursement, a breakfast must meet USDA nutritional guidelines. Schools receive three different rates of reimbursement for three separate categories of students: reduced price, free, and paid. Students qualify for each category based on their family income reported on the Free and Reduced Price Meal Application. Schools receive reimbursements based on submitted claims for qualified meals provided.

For the 2012-13 school year, the USDA reimbursed Colorado public schools \$1.55 per free breakfast, \$1.25 per reduced price breakfast, and \$0.27 per paid breakfast. In addition, schools categorized as "severe need" schools receive an additional \$0.30 per free and reduced price breakfast if 40 percent or more of the meals served two years prior were served to students receiving free and reduced price benefits,. Finally, pursuant to the Start Smart Nutrition Program authorized by Senate Bill 07-059, the state provides funding for an additional \$0.30 per reduced price breakfast to eliminate the \$.30 cost that families pay in the *reduced price* tier for participation in the School Breakfast Program, thus providing breakfasts at no cost to these students.

In addition to regular growth in the Start Smart Nutrition Program, the Fiscal Note for HB 13-1006, Breakfast After the Bell Nutrition Program, identified 43,829 additional students (including 40,634 free, 2,740 reduced price, and 454 paid students) at 242 schools in Colorado who may receive a "breakfast after the bell" in FY 2014-15. Correspondingly, the Fiscal Note for the bill identified increased expenditures and an appropriation of \$147,983 in additional Start Smart funding in FY 2014-15 and \$420,721 in FY 2015-16. These projections for implementation of Breakfast After the Bell have been incorporated into this analysis as they were stated in the fiscal note.



The following table shows the budget to actual expenditure projections and cash fund balance projections for the Start Smart Nutrition Program Fund based upon the anticipated expenditures and continuation of existing appropriations:

Budget and Fund Balance Projections Based Upon Continuation of Current Appropriations and Anticipated Expenditures																
	Start Smart Meals Reimbursed	Growth Trend	Long Bill + Supp Bill CF Approp to SSNP Line Item	Long Bill + Supp Bill GF to SSNP Fund and RF to SSNP Line Item	HB 13-1006 Breakfast After the Bell GF to SSNP Fund and RF to SSNP Line Item	Total Appropriation Smart Start Nutrition Program (SSNP) Line Item	Start Smart Expenditures	HB 13-1006 Breakfast After the Bell Expenditures	Total Expenditures	Under/(Over) Budget	Beginning Fund Balance	Revenues/GF Approp to Start Smart Nutrition Program Fund	Interest	Expenditures	Ending Fund Balance	Fund Balance % of Expenditures
FY09-10 Actual	2,233,459		\$0	\$670,000	\$0	\$670,000	\$696,019	\$0	\$696,019	(\$26,019)	\$236,826	\$700,000	\$12,739	\$696,019	\$253,547	
FY10-11 Actual	2,264,611	1.39%	\$94,229	\$673,981	\$0	\$768,210	\$679,996	\$0	\$679,996	\$88,214	\$253,547	\$700,000	\$11,356	\$679,996	\$284,907	42%
FY11-12 Actual	2,542,715	12.28%	\$143,495	\$700,000	\$0	\$843,495	\$765,105	\$0	\$765,105	\$78,390	\$284,907	\$700,000	\$6,962	\$765,105	\$226,764	30%
FY12-13 Actual	2,727,002	7.25%	\$143,495	\$700,000	\$0	\$843,495	\$815,877	\$0	\$815,877	\$27,618	\$226,764	\$700,000	\$6,000	\$815,877	\$116,887	14%
FY13-14 Projected	2,924,645	7.25%	\$143,495	\$700,000	\$0	\$843,495	\$877,394	\$0	\$877,394	(\$33,899)	\$116,887	\$700,000	\$0	\$877,394	(\$60,507)	-7%
FY14-15 Projected	3,136,613	7.25%	\$143,495	\$700,000	\$147,983	\$991,478	\$940,984	\$147,983	\$1,088,967	(\$97,489)	(\$60,507)	\$847,983	\$0	\$1,088,967	(\$301,491)	-28%
FY15-16 Projected	3,136,613	0.00%	\$143,495	\$700,000	\$420,721	\$1,264,216	\$940,984	\$420,721	\$1,361,705	(\$97,489)	(\$301,491)	\$1,120,721	\$0	\$1,361,705	(\$542,475)	-40%
FY16-17 Projected	3,136,613	0.00%	\$143,495	\$700,000	\$420,721	\$1,264,216	\$940,984	\$420,721	\$1,361,705	(\$97,489)	(\$542,475)	\$1,120,721	\$0	\$1,361,705	(\$783,459)	-58%

The following table shows the budget to actual expenditure projections and cash fund balance projections for the Start Smart Nutrition Program Fund based upon the anticipated expenditures and requested appropriations. (Note: Cells highlighted in yellow below represent appropriations to the Start Smart Nutrition Program Fund. Cells highlighted in green represent appropriations to the Start Smart Nutrition Program line item):

Budget and Fund Balance Projections Based Upon Requested Appropriations and Anticipated Expenditures																
	Start Smart Meals Reimbursed	Growth Trend	Long Bill + Supp Bill CF Approp to SSNP Line Item	Long Bill + Supp Bill GF to SSNP Fund and RF to SSNP Line Item	HB 13-1006 Breakfast After the Bell GF to SSNP Fund and RF to SSNP Line Item	Total Appropriation Smart Start Nutrition Program (SSNP) Line Item	Start Smart Expenditures	HB 13-1006 Breakfast After the Bell Expenditures	Total Expenditures	Under/(Over) Budget	Beginning Fund Balance	Revenues/GF Approp to Start Smart Nutrition Program Fund	Interest	Expenditures	Ending Fund Balance	Fund Balance % of Expenditures
FY09-10 Actual	2,233,459		\$0	\$670,000	\$0	\$670,000	\$696,019	\$0	\$696,019	(\$26,019)	\$236,826	\$700,000	\$12,739	\$696,019	\$253,547	
FY10-11 Actual	2,264,611	1.39%	\$94,229	\$673,981	\$0	\$768,210	\$679,996	\$0	\$679,996	\$88,214	\$253,547	\$700,000	\$11,356	\$679,996	\$284,907	42%
FY11-12 Actual	2,542,715	12.28%	\$143,495	\$700,000	\$0	\$843,495	\$765,105	\$0	\$765,105	\$78,390	\$284,907	\$700,000	\$6,962	\$765,105	\$226,764	30%
FY12-13 Actual	2,727,002	7.25%	\$143,495	\$700,000	\$0	\$843,495	\$815,877	\$0	\$815,877	\$27,618	\$226,764	\$700,000	\$6,000	\$815,877	\$116,887	14%
FY13-14 Projected	2,924,645	7.25%	\$117,000	\$800,000	\$0	\$917,000	\$877,394	\$0	\$877,394	\$39,606	\$116,887	\$800,000	\$2,000	\$877,394	\$41,493	5%
FY14-15 Projected	3,136,613	7.25%	\$41,000	\$950,000	\$147,983	\$1,138,983	\$940,984	\$147,983	\$1,088,967	\$50,016	\$41,493	\$1,097,983	\$2,000	\$1,088,967	\$52,509	5%
FY15-16 Projected	3,136,613	0.00%	\$53,000	\$950,000	\$420,721	\$1,423,721	\$940,984	\$420,721	\$1,361,705	\$62,016	\$52,509	\$1,370,721	\$4,000	\$1,361,705	\$65,525	5%
FY16-17 Projected	3,136,613	0.00%	\$66,000	\$950,000	\$420,721	\$1,436,721	\$940,984	\$420,721	\$1,361,705	\$75,016	\$65,525	\$1,370,721	\$6,000	\$1,361,705	\$80,541	6%

Finally, the following table shows the differences in the budget to actual expenditure projections and cash fund balance projections for the Start Smart Nutrition Program Fund based upon a comparison of the continuation of current appropriations and requested appropriations:

Budget and Fund Balance Projected Differences																
	Start Smart Meals Reimbursed	Growth Trend	Long Bill + Supp Bill CF Approp to SSNP Line Item	Long Bill + Supp Bill GF to SSNP Fund and RF to SSNP Line Item	HB 13-1006 Breakfast After the Bell GF to SSNP Fund and RF to SSNP Line Item	Total Appropriation Smart Start Nutrition Program (SSNP) Line Item	Start Smart Expenditures	HB 13-1006 Breakfast After the Bell Expenditures	Total Expenditures	Under/(Over) Budget	Beginning Fund Balance	Revenues/GF Approp to Start Smart Nutrition Program Fund	Interest	Expenditures	Ending Fund Balance	Fund Balance % of Expenditures
FY09-10 Actual	0	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY10-11 Actual	0	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY11-12 Actual	0	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY12-13 Actual	0	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY13-14 Projected	0	0.00%	(\$26,495)	\$100,000	\$0	\$73,505	\$0	\$0	\$0	\$73,505	\$0	\$100,000	\$2,000	\$0	\$102,000	
FY14-15 Projected	0	0.00%	(\$102,495)	\$250,000	\$0	\$147,505	\$0	\$0	\$0	\$147,505	\$102,000	\$250,000	\$2,000	\$0	\$354,000	
FY15-16 Projected	0	0.00%	(\$90,495)	\$250,000	\$0	\$159,505	\$0	\$0	\$0	\$159,505	\$354,000	\$250,000	\$4,000	\$0	\$608,000	
FY16-17 Projected	0	0.00%	(\$77,495)	\$250,000	\$0	\$172,505	\$0	\$0	\$0	\$172,505	\$608,000	\$250,000	\$6,000	\$0	\$864,000	