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FISCAL IMPACT REPORT

SPONSOR Tripp ORIGINAL DATE 01/21/14
LAST UPDATED _____ HB 81

SHORT TITLE NM Grown Fresh Produce for School Meals SB _____

ANALYST Chavez

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|-----------|------------------------------|------------------|
| FY14 | FY15 | | |
| | \$1,440.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Children, Youth and Families Department (CYFD)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 81 appropriates \$1.4 million from the general fund to the PED to distribute to school districts and charter schools for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs.

FISCAL IMPLICATIONS

The appropriation of \$1.4 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY15 shall not revert.

For FY14, \$100 thousand was appropriated to PED as a special appropriation for school districts and charter schools to purchase New Mexico grown fresh fruits and vegetables for the school meal program.

SIGNIFICANT ISSUES

DOH points out that obesity is a growing problem in the nation and in New Mexico. In 2009, 28.0 percent of youth (New Mexico Youth Risk and Resiliency Survey data, 2010) and 61.8 percent of adults (New Mexico Behavioral Risk Factor Surveillance System data, 2010) living in New Mexico were either overweight or obese. Further, the prevalence of obesity continues to grow and occur at younger ages. In 2010, 30.3 percent of kindergarteners and 38.3 percent of third graders living in New Mexico were either overweight or obese (New Mexico Department of Health BMI Surveillance Report, 2010). The percentage of obese children participating in the Women, Infants and Children (WIC) Program increased from 10.6 percent in 2000 to 13.4 percent in 2008 (New Mexico Department of Health, WIC data, 2009).

While the consumption of fresh fruits and vegetables can reduce obesity and increase health, DOH reports that nationwide, the cost of fresh fruits and vegetables has increased over 77 percent since 1989, while the cost of sweets and fats has decreased 33 percent (Closing New Mexico's Food Gap: A report on food access in New Mexico, 2006). This trend widens the gap in access to healthy foods, especially in rural New Mexico.

Overall nutritional status of children and teens may improve with regular consumption of fruits and vegetables at school. DOH states this bill supports good nutrition in schools and especially helps children in rural low income communities where access to low nutrient dense foods is high.

PED currently receives funding through the United States Department of Agriculture (USDA) to operate the National Fresh Fruit and Vegetable Snack Program in elementary schools. PED reports the amount allocated to the Fresh Fruit and Vegetable Snack program for FY14 was approximately \$2 million and a similar amount is expected for FY15. Priority for the federally-funded Fresh Fruit and Vegetable Snack Program is limited to those elementary schools with the highest percentage of free and reduced lunch (FRL) eligibility.

PED adds that a total of 42 districts were allocated funding that benefitted approximately 43,000 students through the National Fresh Fruit and Vegetable Snack program for the 2013-2014 school year. Selected schools receive reimbursement for the cost of purchasing fresh fruits and vegetables to be served to elementary school students during the school day. These fresh fruits and vegetables must be provided separately from the lunch or breakfast meal.

The National School Lunch Program, implemented by the USDA, is another program which has the potential to offer students access to fresh fruits and vegetables. According to PED, during the 2012-2013 school year a total of 343,463 New Mexico students participated in the National School Lunch Program. Of these, a total of 193,629 students were eligible for free meals and 30,511 students were eligible for reduced price meals. The remaining students paid for their lunches.

There are no restrictions under the USDA regulations preventing school districts and charter schools participating in the National School Lunch/Breakfast Program or the Fresh Fruit and Vegetable Snack Program from purchasing produce from local growers. Funding appropriated from HB81 could supplement the federal funding allocated to schools for the purchase of fresh produce for those schools who do not meet the federal eligibility guidelines.

The bill does not identify how allocations would be determined and as a result, the PED would

be required to develop procedures to distribute funds. To be eligible for a portion of the appropriation, school districts will be required to purchase fresh produce directly from local growers. This requirement may be difficult for school districts/school food authorities to implement at certain times of the year or may be difficult in rural areas of the State. An evaluation of the availability of New Mexico grown produce of sufficient quantities to provide adequate supplies to the schools on a year-round basis should be conducted.

PERFORMANCE IMPLICATIONS

HB 81 supports the PED's strategic lever ensuring students are healthy and ready for success.

ADMINISTRATIVE IMPLICATIONS

PED, in coordination with the New Mexico Department of Agriculture, would be responsible for administering these funds to distribute to school districts and charter schools for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs. PED notes that, with about 185 school districts and charter schools eligible to participate, the administrative burden may not make the effort productive. (See Alternatives)

RELATIONSHIP

SJM 10 proposes to study the role of physical education in child obesity.
HB 81 expands school breakfast to all public schools with 85 percent FRL or higher.

ALTERNATIVES

PED suggests that, rather than HB 81 appropriations be distributed to school districts and charter schools, the Legislature may wish to consider an alternative where the PED would contract with the Farmer's Market Association or other farmer's association to distribute fresh fruits and vegetables regionally. These associations know the growers and can work to acquire and distribute these products more effectively.

QUESTIONS

If the PED suggested amendment is implemented, how would the department ensure coordination and minimize duplication of effort between state and federal programs?

KC /ds:jl