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FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/13

SPONSOR Hall LAST UPDATED _____ HB 59

SHORT TITLE School Meal Program Commodities Deliveries SB _____

ANALYST Geisler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$600.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Partially Duplicates Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 59 appropriates \$600 thousand from the general fund to the Human Services Department (HSD) to provide for the delivery of commodities for school meal programs to elementary and secondary schools statewide. Any unexpended or unencumbered funds remaining at the end of the fiscal year shall not revert to the general fund.

FISCAL IMPLICATIONS

HSD notes that the General Appropriation Act (GAA) from the 2012 Legislative Session for HSD's Income Support Division budget includes language that states \$600 thousand of general fund is included to cover the costs of food commodity distribution to the schools; however the final GAA for FY13 ended up taking reductions of \$300 thousand general fund in other areas of Income Support's administration budget. The impact of this action is that \$300.0 of existing general funds from the personnel services category was required to make up the balance. This shift reduced the amount of FTE the division is able to keep on staff throughout FY13.

Because this activity was partially funded in SFY13, only \$300.0 is required to fund this

program in FY14. This amount is requested in the agency's FY14 request for the Income Support Division and recommended in the executive recommendation for the Income Support Division. The LFC recommendation includes \$186.8 thousand.

SIGNIFICANT ISSUES

PED notes that although PED and schools/districts/school food authorities receive federal funding to administer the National School Lunch/Breakfast programs, neither PED nor the schools receive additional federal funding for the distribution of USDA foods (Commodities).

HSD notes that the NM Human Services Department, Income Support Division, Food and Nutrition Services Bureau (FANS) is the state agency (SA) authorized by USDA to administer the USDA Foods Program for schools in New Mexico. NM receives approximately \$9 million worth of USDA commodity food for schools each year.

In New Mexico, there are 89 School Districts, 35 Private Schools, Charter Schools and Residential Treatment Centers, and 34 Bureau of Indian Education (BIE) Schools that benefit from the USDA commodities program. Through this supplement program, participating schools are able to serve approximately 144,000 breakfasts and 212,000 lunches daily.

Prior to the 2007-2008 school years, FANS was able to store and deliver school commodities without charging schools for this service. This cost was covered by funds from the Public Education Department (PED). However since 2008, PED has not received specific funding for commodity deliveries, as they had previously.

To cover the cost of storage and delivery, HSD began to charge the schools. The fee structure was based on the average daily lunch participation (ADP) for each school entity, which represents the school entity's fair share of the FANS Bureau cost to operate the program. Funding provided in the general appropriation act would eliminate the need for HSD to charge schools for the storage and delivery of the commodities.

DUPLICATION

There is currently \$300 thousand in the base budget for this purpose. HSD has requested an additional \$300 thousand in FY14 to avoid reinstatement of charges for food delivery.

GG/bm