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## FISCAL IMPACT REPORT

SPONSOR Beffort ORIGINAL DATE 02/03/15  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Local Produce in School Lunches SB 237

ANALYST Gudgel

### APPROPRIATION (dollars in thousands)

| Appropriation |         | Recurring<br>or Nonrecurring | Fund<br>Affected |
|---------------|---------|------------------------------|------------------|
| FY15          | FY16    |                              |                  |
|               | \$160.0 | 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)

New Mexico Department of Agriculture (NMDA)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 237 appropriates \$160 thousand from the general fund to the Board of Regents of New Mexico State University for expenditure in FY16 and subsequent fiscal years to expand the NMSU Department of Agriculture program that provides locally grown produce for school lunch programs in north-central and south-central New Mexico in areas with farmer training. Any unexpended or unencumbered balance remaining at the end of a fiscal year will not revert.

### FISCAL IMPLICATIONS

The appropriation of \$160 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of any fiscal year shall not revert to the general fund.

For FY15, the Legislature appropriated \$239.3 thousand to the Public Education Department to purchase locally grown produce for school lunches. Fiscal year 2015 is the first year of the

appropriation to PED. LFC recommended continuing the appropriation into FY16; however, PED and the executive recommended eliminating the appropriation in FY16.

PED notes that the department also receives \$2.4 million in federal funds from the U.S. Department of Agriculture (USDA) for the administration of the fresh fruits and vegetables program. The funds are provided to school food authorities (within school districts, at a state charter school, private school, and/or Bureau of Indian Education (BIE) schools) for the provision of fresh fruits and vegetables as part of the school breakfast and school lunch program. However, these funds do not have a stipulation or requirement that the fruits and vegetables be locally grown.

DOH and NMDA note that the bill would offer New Mexico farmers a more stable source of income.

### **SIGNIFICANT ISSUES**

The Department of Health notes a diet high in fruits and vegetables is associated with a decreased risk of many chronic diseases, including heart disease, stroke, high blood pressure, diabetes and some cancers and can be an important part of weight-management strategy. DOH's analysis states only 23.8 percent of New Mexico middle and high school students eat the recommended level of at least five fruits and vegetables a day and the prevalence of obesity continues to increase and occur at younger ages. DOH notes that in 2013, 27.7 percent of kindergarteners and 34.7 percent of third graders living in New Mexico were either overweight or obese; a significantly higher proportion of Native American children experience childhood obesity than any other racial/ethnic group. In 2013, nearly one-in-two Native American third grade students was either overweight or obese, with 29.5 percent of Native American third grade students obese compared to 22.8 percent of Hispanic and 12.8 percent of Caucasian third graders. DOH notes 2013 data demonstrates an upward shift in weight categories between kindergarten and third grade: 19.9 percent of third graders were obese in 2013 compared to 13.2 percent when students sampled from the same general birth group were in kindergarten in 2010.

NMDA notes that the bill supports communities that have self-identified the need to train farmers on how to grow and sell produce to their local public school system. Current and potential program participants can be, but are not limited to: owners of small plots of land they wish to put into agricultural production, young farmers, youth at risk, retirees, and veterans. NMDA recommends evaluation of the availability of New Mexico grown produce in sufficient quantities to provide adequate supplies to north- and south-central school districts on a year-round basis should be conducted.

### **PERFORMANCE IMPLICATIONS**

DOH states the bill relates to the departments 2014-2015 state health improvement plan and the department's strategic plan objective to "Encourage physical activity and healthy eating in elementary school students."

**ADMINISTRATIVE IMPLICATIONS**

The Board of Regents at NMSU would be required to administer the funds. PED's analysis notes the department would continue to provide technical assistance and training regarding proper food handling practices as it has done in the past.

**DUPLICATION**

HB231 is a duplicate. HB96 appropriates \$1.4 million to PED to purchase locally grown fruits school districts, charter schools and juvenile detention centers.

RSG/bb/je