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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/16

SPONSOR Hall LAST UPDATED _____ HB 115

SHORT TITLE Expand NM-Grown Produce in School Lunches SB _____

ANALYST Dulany

APPROPRIATION (dollars in thousands)

Appropriation			Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18		
	\$90.0	\$90.0	Recurring	General Fund

Parenthesis () indicate expenditure decreases

Duplicates Senate Bill 82

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Department of Agriculture (NMDA)

Public Education Department (PED)

Department of Health (DOH)

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 115 appropriates \$90 thousand from the general fund to New Mexico State University (NMSU) in FY17 and subsequent fiscal years for NMDA to expand its program providing locally grown New Mexico fresh fruits and vegetables for public school lunch programs to school districts in north-central and south-central New Mexico in areas with farmer training programs. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

FISCAL IMPLICATIONS

The appropriation of \$90 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

The LFC recommendation includes \$400 thousand for New Mexico grown fruits and vegetables to PED in FY17. This recommended appropriation does not apply the regional or farmer training program requirements that HB 115 does. According to PED, the department receives funding from the U.S. Department of Agriculture (USDA) for administration of the Fresh Fruits and Vegetables Program. PED states about \$2.4 million is provided to school food authorities for the provision of fresh fruits and vegetables as part of the school breakfast and school lunch program; however, the USDA funds do not have a stipulation or requirement for the produce to be locally grown.

In FY16, the Legislature appropriated \$30 thousand to NMDA to expand the program that provides locally grown produce for school lunch programs in New Mexico in areas with farmer training. Language limiting the appropriation to the north-central and south-central areas of the state was vetoed. NMDA reports the department has partnered with the American Friends Service Committee, after completing a bid process, to implement a pilot program in school districts in Rio Arriba and Doña Ana counties during the 2015-2016 school year. Because the pilot program is on-going, the department states that outcomes have not yet been identified.

SIGNIFICANT ISSUES

NMDA reports HB115, if enacted, would support communities that have self-identified the need to train farmers on how to grow and sell produce to their local public school system and offer New Mexico farmers additional outlets for their farm products, thus providing them options for alternative farm income and economic development opportunities.

According to DOH:

“Obesity and overweight prevalence rates in New Mexico communities continue to remain high. In 2014, one in four kindergarten students was overweight or obese. Prevalence rates were significantly higher among third graders; over one in three was overweight or obese. Third grade students measured in 2014 were sampled from roughly the same general birth group as the 2011 kindergarten student sample, providing a clearer picture of the shift in weight categories between kindergarten and third grade. 15% of kindergartners were obese in 2011, and by 2014, 18.1 percent of students in this birth group (now third graders) were obese. This 21 percent upward shift in obesity prevalence over time highlights the need to address and prevent excessive weight gain and encourage healthy lifestyles at an early age.”

DOH further reports:

“The intent of the recommendations within this bill may have a positive impact on economic development as well as health status in school-aged children. However, children with the highest prevalence of being overweight or obese are in counties outside what the bill defines as north and central New Mexico, with the exception of one, Rio Arriba County. This bill would better serve the health outcomes of New Mexico if it targeted areas already affected with high prevalence of overweight and obesity in addition to further consideration of areas of great economic insecurity and farmable land. The general reference to “expand its

program” is not clear and would better serve the future implications of this bill and its requested funding if the bill clarified its intention to ‘expand its (Department of Agriculture) program’ with staff, training, marketing, or outright purchasing.”

EDD notes many small farmers lack the experience in wholesale marketing they need in order to meet the needs of school food service and the NMDA program provides hands-on training to help these farmers.

ADMINISTRATIVE IMPLICATIONS

The Board of Regents at NMSU would be required to administer the funds.

NMDA indicates clarification is needed on the definition of “farmer training programs” to better understand who would be eligible to supply fresh fruits and vegetables to school districts.

DUPLICATION

SB 82 is a duplicate.

TD/jle/jo