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FISCAL IMPACT REPORT

ORIGINAL DATE 2-6-06
 SPONSOR Altamirano LAST UPDATED 2/7/06 HB _____
 SHORT TITLE FOOD BANKS FOR PUBLIC SCHOOLCHILDREN SB 507
 ANALYST Hadwiger

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|-----------|-------------------------|------------------|
| FY06 | FY07 | | |
| | \$1,200.0 | Recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in Section 4 of the General Appropriation Act for \$400 thousand for food banks. Duplicates original version of HB231. HB231 was amended to address HSD concerns below.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 Human Services Department (HSD)
 Children, Youth and Families Department (CYFD)
 Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 507 appropriates \$1.2 million to the Department of Finance and Administration to increase funding for food banks statewide (\$600 thousand), to purchase fresh fruits and vegetables for public school lunches (\$200 thousand), and to contract with a statewide association of food banks to purchase foods from New Mexico producers and vendors for an emergency food program and food for kids backpack program (\$400 thousand).

FISCAL IMPLICATIONS

The appropriation of \$1.2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 would revert to the general fund.

SIGNIFICANT ISSUES

The Human Services Department indicated that, in FY06, that agency received \$200,000 from USDA to purchase fresh fruits and vegetables from New Mexico growers for use in all New Mexico schools who wish to participate. It is unknown whether this federal funding will be available in FY 07. The appropriation in SB507 will make available fresh produce for school lunches. The New Mexico Association of Food Banks would also participate in the purchase of fresh fruits and vegetables, as well as other New Mexico produced products, to offer to low-income residents in the emergency food box program and the Food for Kids backpack program.

The Public Education Department (PED) provided the following background information:

- In 2002, New Mexico had the 5th highest rate (14.3%) of food insecurity in the nation. Food insecurity means not having access to enough food due to lack of money
- Despite improvement, New Mexico's rate of food insecurity is still 32 percent higher than the national average (12.1%).
- 328,000 people (17.9) in New Mexico live in poverty. New Mexico has the second highest poverty rate in the nation.
- New Mexico's poverty level is nearly 50% higher than the national average (12.1%).
- Researchers are beginning to demonstrate the coexistence of obesity and food insecurity in low-income households and individuals (Food Research and Action Center, *Obesity, Food Insecurity and the Federal Child Nutrition Programs: Understanding the Linkages*, Oct. 2005).
- In New Mexico, 83% of high school students did not eat five or more servings of fruits and vegetables a day, on average, over the past seven days (2003 YRRS). Two percent of school-aged children eat the recommended servings each day from all five food groups, which means they miss out on a variety of nutrients, including vitamins A, C and B₆, iron and calcium.
- 16% of school-aged children do not meet any of the five food group recommendations.
- Obesity affects 16% of children 6-19 years and 10% of children 2-5 years.
- Overweight affect 31% of children 6-19 years and 22% of children 2-5 years.
- Some 25% of New Mexico high school students are overweight or at risk of becoming overweight.

PERFORMANCE IMPLICATIONS

PED indicated this bill could positively impact agency performance measures that relate to the Governor's Obesity Prevention initiative, which would enhance student performance by helping to increase the number of students performing at grade level in math and reading as nutrition is positively linked to academic performance.

ADMINISTRATIVE IMPLICATIONS

The Department of Finance and Administration did not anticipate any difficulty administering the bill. HSD suggested that the bill could be amended to appropriate the \$200 thousand directly to HSD to avoid the need for a MOU.

TECHNICAL ISSUES

HSD suggested that SB507 could be amended to specify that the \$200,000 go directly to HSD for this purpose in order to avoid the need for an additional JPA. HSD would be responsible for purchasing and delivering the produce to the schools. HSD currently performs similar administrative duties with USDA funds.

HSD also noted that SB507 restricts the use of fresh fruits and vegetables for public school lunches. Currently, all New Mexico schools, including private schools, are eligible to participate in the USDA funded farm-to-school program and commodities programs.

OTHER SUBSTANTIVE ISSUES

HSD also noted that New Mexico continues to be in the top five states reporting the most food insecurity and hunger “Household Food Security in the United States 2002-2004” from USDA Economic Research Service statistical report. Food Banks have experienced an increase in requests for emergency food boxes statewide. Introducing more fresh fruits and vegetables into the diets of school children and low-income families will improve their diets and have a positive impact on obesity and childhood diabetes in our state. The Food for Kids backpack program provides a backpack of food to a child after school to use overnight or on a weekend, when there may be no food available at home. All of the fresh produce and other products will be purchased from New Mexico farmers and vendors; the funds will be re-circulated back into the New Mexico economy.

AMENDMENTS

HSD recommended that the following issues should be addressed through an amendment;

SB507 restricts the use of fresh fruits and vegetables for “public” school lunches. Currently, all New Mexico schools, including private schools, are eligible to participate in the USDA funded farm-to-school program and commodities programs.

SB507 appropriates \$200,000 to DFA for the purchase of fresh produce for school lunches. DFA would need to do a JPA with HSD as HSD is the State agency that purchases and delivers food to schools. SB507 could be amended to specify that the \$200,000 go directly to HSD for this purpose and, in doing so, avoid the need for an additional JPA.