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## FISCAL IMPACT REPORT

ORIGINAL DATE 03/06/09

SPONSOR Cote LAST UPDATED \_\_\_\_\_ HB 171

SHORT TITLE NM-Grown Produce For School Meals SB \_\_\_\_\_

ANALYST Haug

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$3,300.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 107

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)  
 Public Education Department (PED)  
 Department of Health (DOH)  
 Department of Agriculture (NMDA)  
 Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

House Bill 171 appropriates \$3,300.0 from the general fund to the Board of Regents of New Mexico State University to purchase New Mexico-grown fresh fruits and vegetables and to administer a program ensuring that the fresh fruits and vegetables are delivered to school lunch programs statewide.

### FISCAL IMPLICATIONS

The appropriation of \$1,440.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

This request was not submitted by NMSU to the HED for review and is not included in the Department's funding recommendation for FY10.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

According to the February 2009 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

## **SIGNIFICANT ISSUES**

The NMDA states:

1. New Mexico growers and shippers of fresh fruits and vegetables are currently supplying up to eight school districts with New Mexico grown produce from August through February. New Mexico producers are selling melons, apples, potatoes, tomatoes, carrots, peaches, pears, and salad greens seasonally. This program began in 2001 with one school district and is now in eight school districts with sales in 2008 of approximately \$350,000. While some producers are only able to sell products from June to October, NMDA has seen a growth in sales into March and beyond due to improved storage and season extension techniques being utilized to meet school market demand.

Most public and private schools in New Mexico require or will require good agricultural practices (GAP) certification for suppliers of fruits, vegetables, and food products. NMDA and NMSU offer GAP certification training to producers in New Mexico.

2. A business plan is not available to determine total usage and demand by the schools, purchasing criteria, availability of specific fruits and vegetables, identification of suppliers, packaging, and distribution channels. However, as the program has grown, distribution systems are being developed to transport locally grown products to schools.
3. More than 218,000 New Mexico school children are eligible for free or reduced school lunches. New Mexico school food service directors have on average one dollar (\$1.00) to spend per child per school lunch that must meet United States Department of Agriculture school nutrition standards to provide five food options including milk. Food service

directors report this level of funding is inadequate to purchase fresh fruits and vegetables. A study published in the Journal of the American Dietetic Association in 2007 indicated the price of fresh fruits and vegetables has increased about 20% in two years and this figure is likely higher considering the current economic crisis in the United States. Passage of SB107 would provide 25 cents toward an additional serving of fresh fruits and vegetables per child statewide at least twice per week.

The NMDA states that it will need to acquire additional personnel, resources, or logistical expertise to purchase New Mexico fresh fruits and vegetables and deliver to schools statewide.

The DOH states that SB107 is supported by the New Mexico Food & Agriculture Policy Council and also supports the Nutrition Rule, passed during previous legislative sessions, requiring that foods sold in schools meet certain requirements to promote health.

The PED asserts that this bill impacts the public school performance measures of percent of elementary and middle school students who achieve the No Child Left Behind annual measurable objectives for proficiency or above on standards-based assessments in math, reading and language arts.

#### **RELATIONSHIP**

House Bill 171 is related to Senate Bill 107 which would appropriate \$1,440.0 thousand for the same purpose but with no reversion.

GH/svb