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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/13

SPONSOR Hall LAST UPDATED _____ HB 338

SHORT TITLE NM Grown Fresh Produce for Meals SB _____

ANALYST Roberts

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|-----------|------------------------------|------------------|
| FY13 | FY14 | | |
| | \$1,440.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 76, Companion to Senate Bill 75, Duplicates (except for title) Senate Bill 80

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)
Higher Education Department (HED)
New Mexico Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

House Bill 328 appropriates \$1.4 million from the general fund to the public education department to distribute to school districts and charter schools for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs.

FISCAL IMPLICATIONS

The appropriation of \$1.4 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall not revert to the general fund.

SIGNIFICANT ISSUES

The PED reports that the department currently receives federal funding to administer the

National Fresh Fruit and Vegetable Program. The amount allocated to the Fresh Fruit and Vegetable program for FY13 was approximately \$2 million and a similar amount is expected for FY14.

A total of 39 districts were allocated funding that benefitted approximately 40,000 students through the Fresh Fruit and Vegetable program for the 2012-2013 school year. Funding appropriated from House Bill 338 could supplement the federal funding allocated to schools for the purchase of fresh produce for those schools that do not meet the federal eligibility guidelines.

There are no restrictions under the USDA regulations preventing the recipients from purchasing produce from local growers. Priority for the federally funded Fresh Fruit and Vegetable program is limited to those schools with the highest percentage of free and reduced lunch eligibility.

The bill does not identify how allocations would be determined and as a result, the PED would be required to develop procedures to distribute funds. To be eligible for a distribution, school districts will be required to purchase fresh produce directly from local growers. This requirement may be difficult for school districts/school food authorities to implement at certain times of the year or may be difficult in rural areas of the State. Currently, the Legislature appropriates \$1.9 million, annually, for breakfast to elementary schools through the general appropriation act.

The NMDA reports that this bill will provide New Mexico school children participating in a school lunch program servings of New Mexico grown fruits and vegetables. If enacted this would offer New Mexico farmers additional outlets for their farm products. Both large scale and small scale farms could take advantage of a program such as this and provide their operations with additional farm income and economic development opportunities.

Evaluation of the availability of New Mexico grown produce of sufficient quantities to provide adequate supplies to the schools on a year-round basis should be conducted.

ADMINISTRATIVE IMPLICATIONS

The Public Education Department would be responsible for administering these funds to distribute to school districts and charter schools for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs.

RELATIONSHIP

This bill directly relates to Senate Bill 76 and House Bill 342. However appropriation distribution for this bill and Senate Bill 80 is to the PED, whereas Senate Bill 76 appropriates funds to the NMDA. Generally, Senate Bill 76, Senate Bill 80 and House Bill 338 address the same issue. In this bill, PED will work in coordination with NMDA. Senate Bill 75 is a companion to all of these bills.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Funding for the purchase of fresh produce will be limited to the federal programs under the USDA currently administered by the PED.