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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/13

SPONSOR Lopez LAST UPDATED _____ HB _____

SHORT TITLE NM-Grown Produce in School Lunches SB 76

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 80 and House Bill 338, Companion to Senate Bill 75

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

Senate Bill 76 appropriates \$1.4 million dollars from the general fund to the Board of Regents of New Mexico State University for the New Mexico Department of Agriculture to purchase New Mexico grown fresh fruits and vegetables to administer a program ensuring that state grown fresh fruits and vegetables are delivered to school lunch programs statewide.

FISCAL IMPLICATIONS

The appropriation of \$1.4 million dollars 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

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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 Senate Bill 76 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 appropriation 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 and funded, 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 NMDA reports that the department does not have the resources or infrastructure to purchase and distribute fresh fruits and vegetables and therefore would not be able to administer the program.

RELATIONSHIP

This bill directly relates to Senate Bill 80 and House Bill 338. However appropriation distribution for this bill is to the NMDA whereas Senate Bill 80 and House Bill 338 appropriate funds to the PED. Generally, Senate Bill 76, Senate Bill 80 and House Bill 338 address the same issue. 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.

MIR/bm