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FISCAL IMPACT REPORT

ORIGINAL DATE 02/23/15

SPONSOR Sapient **LAST UPDATED** _____ **HB** _____

SHORT TITLE NM-Grown Produce in School Meals **SB** 415

ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$1,440.0	Recurring	General Fund

Increases Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Children, Youth & Families Department (CYFD)

New Mexico Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

Senate Bill 415 appropriates \$1.4 million from the general fund to the Public Education Department for expenditure in FY16 and subsequent years for the purchase and distribution of fresh, locally growth fruits and vegetables for school districts, charter schools, and juvenile detention centers through PED's school meal programs and for a full time employee to administer the program. 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 \$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 a fiscal year shall not revert to the general fund.

HB2 as adopted by HAFC includes \$239.3 thousand in general fund revenues for fresh, locally grown fruits and vegetables to be purchased for public school students.

PED's analysis notes that similar appropriations made for FY14 and FY15 led to difficulties with non-profit agencies who believed the appropriation was made for their use. PED states the department will follow the Procurement Code in executing this appropriation and will issue a request for application (RFA) or determine other criteria in which to provide funding, select sites, award sites, and review budgets and requests for payments submitted.

SIGNIFICANT ISSUES

PED notes that appropriations made for FY14 and FY15 for the purchase of New-grown produce have never provided funding to coordinate the purchase of or the distribution of produce to areas of the state not adjacent to agricultural areas. Because the funding is for statewide purchase, PED has insisted that all areas of the state be served despite the fact that only a few rich agricultural areas exist in the state's geographic boundaries. New Mexico also has a short growing season, which hinders the availability of locally grown products during the winter season.

The GAA of 2013 included \$100 thousand that PED distributed to New Mexico schools equally to provide for the opportunity to purchase locally grown produce. That year, a total of 39 districts were allocated funding that benefitted 40,000 students. The GAA of 2014 included \$239.3 thousand that PED awarded to 44 school districts and charter schools that benefitted 186,400 students. The application process in FY15 was competitive, though PED notes that every school district and charter school that applied was awarded funding based on their student population.

The Department of Health's analysis notes obesity is a growing problem in the nation and in New Mexico. The DOH reports 28.0 percent of youth and 61.8 percent of adults living in New Mexico were either overweight or obese in 2010. Further, the prevalence of obesity continues to grow and occur at younger ages. In the fall of 2013, DOH reports 27.7 percent of kindergarteners were either obese or overweight. The DOH analysis indicates many risk factors are associated with childhood obesity, including increased youth-onset Type II diabetes, heart disease, stroke, elevated total cholesterol, triglycerides, insulin, and high blood pressure.

The analysis notes increased consumption of fresh fruits and vegetables is one of the Center for Disease Control's (CDC) evidence-based obesity preventions and one of the key strategies DOH uses through the "Fruits & Veggies – More Matters" program to prevent chronic diseases such as coronary heart disease, some cancers, obesity, and osteoporosis. DOH reports chronic diseases (cancers, diabetes, heart disease, hypertension, stroke, mental disorders, and pulmonary conditions) make up five of the six leading causes of death in New Mexico. The Milken Institute estimated that between 2003 and 2023, NM could potentially save \$6.3 billion (or 26.4 percent) in direct medical expenditures and lost productivity due to chronic diseases if moderate changes were made to improve screening and prevention.

The New Mexico Department of Agriculture notes that the bill, if enacted, 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.

PERFORMANCE IMPLICATIONS

DOH states the bill relates to their FY16 strategic plan goal 1: improved health outcomes for the people of New Mexico, specifically “encourage physical activity and healthy eating in elementary school students.” The bill also relates to their performance measures, percent of elementary school students in community transformation communities participating in classroom fruit and vegetable tastings (GAA measure), and percent of elementary students in community transformation communities who are obese. It also relates to one of the nine priority health areas in the DOH 2014 State Health Improvement Plan to child and adolescent obesity in NM.

Given research noted in the DOH analysis for this bill and SB 187, it is likely the bill could lead to positive student outcomes, including increased math and reading proficiency and graduation rates, and decreased college remediation in the future.

ADMINISTRATIVE IMPLICATIONS

PED will be required to administer the program. The appropriation notes there is funding for 1 additional FTE.

RELATIONSHIP

HB 96 is a duplicate. Senate Bill 237 appropriates \$160 thousand from the general fund to New Mexico State University to expand its program providing locally grown produce for public school lunch programs in north-central and south-central New Mexico.

TECHNICAL ISSUES

PED notes the following changes could help greatly in distributing the funding available:

- Direct the New Mexico produce funding to snacks and after-school programs. The United States Department of Agriculture (USDA) reimburses schools for meals served—not just ingredients for meals. Because of this, schools that request state reimbursement for New Mexico ingredients risk double-dipping. If the money is directed to programs not based on federal reimbursements for meal counts, the potential for double dipping is more easily resolved. Multiple after-school programs funded through federal 21st Century grants participate in after-school snacks with the with National School Lunch Program (NSLP).
- Include funding for distribution and PED administration efforts.
- Clarify whether New Mexico produce must be certified as to origin and as to safe harvesting and storage practices and if so, by whom. Thus far, the PED has relied on schools to certify the origins of produce. However, it would be helpful for both farmers and schools if the state’s agricultural extension services would establish, as they have done in the Espanola Valley, a certification system statewide. The optional certification system currently provides for safe harvesting practices and certification of authenticity.