

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)).

## FISCAL IMPACT REPORT

**SPONSOR** Armstrong, G./Dow      **ORIGINAL DATE** 1/29/21  
**LAST UPDATED** \_\_\_\_\_      **HB** 170  
**SHORT TITLE** NM-Grown Produce in Child Care Centers      **SB** \_\_\_\_\_  
**ANALYST** Klundt

### APPROPRIATION (dollars in thousands)

| Appropriation |         | Recurring<br>or Nonrecurring | Fund<br>Affected |
|---------------|---------|------------------------------|------------------|
| FY21          | FY22    |                              |                  |
|               | \$100.0 | Recurring                    | General Fund     |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Early Childhood Education and Care Department (ECECD)

### SUMMARY

#### Synopsis of Bill (if bill is amended state “Synopsis of Original Bill”)

House Bill 170 (HB 170) appropriates \$100 thousand from the general fund to the Early Childhood Education and Care Department to create a program for child care centers to purchase New Mexico-grown fruits and vegetables in FY22. Any unexpended or unencumbered balance remaining at the end of FY22 shall revert to the general fund.

### FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY22 shall revert to the general fund. Although HB 170 does not specify future appropriations, establishing a new grant program could create an expectation that the program will continue in future fiscal years, therefore this cost is scored as recurring.

ECECD did not identify any additional operating expense to the department. It is unclear if the appropriation in this bill is to be used in the ECECD operating budget for personnel to establish the program, grants to child care centers to purchase New Mexico-grown fruits and vegetables, or to reimburse New Mexico child care centers for New Mexico-grown fruits and vegetables provided to children.

## SIGNIFICANT ISSUES

HB 170 states the appropriation in this bill is to to create a program for *child care centers* to purchase New Mexico-grown fruits and vegetables. It is unclear therefore if registered or licensed child care provider not classified as centers would be eligible for this program such as childcare registered homes.

New Mexico's Child-Adult Care Food Program (CACFP) provides meals for child care centers and is funded by the US Department of Agriculture (USDA). ECECD is the state administrator for this program. Approximately 40,000 children participate in this program in New Mexico. There is an existing mechanism, approved by USDA, used to reimburse New Mexico's child care centers and child care group homes for the meals provided to children. This bill would provide the funding to develop a separate system to create a program that would reimburse child care centers to purchase New Mexican-grown fruits and vegetables. Any such program would require collaboration with USDA as the bill would presumably require the use of USDA funds to reimburse child care centers.

ECECD stated, "Educating our children on various fruits and vegetables, and feeding them such nutritious food, will increase their interest in trying new foods and forming a healthy lifestyle. Since 2011, the USDA has been allowing childcare programs to purchase soil, seeds, and equipment as allowable costs. Plus, the local produce grown in centers can be incorporated in the CACFP meal. This program would require collaboration with ECECD's USDA partners.

Promoting locally grown vegetable and produce will encourage child care centers to start thinking about sourcing some of their fresh fruits and vegetables from local growers. Although many centers would likely need quantities that are too small to make their transactions highly sought after by local growers, there may be some small local growers that would only be able to furnish small quantities to child care centers. Forming these business relationships between child care centers and local growers could provide some logistical and planning obstacles for the program to succeed. Further, proof of purchase may be difficult as many farmer's market vendors exchange their produce for cash without receipt and establishing the allowability of funds may need to be developed.

ECECD is currently participating in a multi-agency initiative that focuses on farm to early care and education (Farm to ECE) efforts. This is an extension of farm to school programs already in place in our state. The goal of the program is to offer increased access to healthy, local foods, gardening opportunities and food-based activities to enhance the quality of the nutrition education experience in all types of ECE settings (e.g., preschools, child care centers, family child care homes, Head Start/Early Head Start). SB170's mandate could compliment the Farm to ECE multi-agency initiative.

Nationally, most of these Farm to Table programs operate within the school food service realm. North Carolina, Washington and Georgia have Farm to Early Care and Education initiatives that connect local farms with local childcare centers to empower the development of community-based, local food sources and systems. Partner organizations assist in developing food procurement systems and connecting resources and people across food producing systems and early childhood education."

## **ADMINISTRATIVE IMPLICATIONS**

ECECD stated the department will need to determine the feasibility of providing the funding to programs, verifying that the funding is being used as intended and that there is a process for ensuring that the funding is awarded in a fair manner and that complies with state procurements processes. If passed, ECECD's CACFP staff will need to include in their program monitoring processes for the implementation of this program.

## **OTHER SUBSTANTIVE ISSUES**

HB170 implies that this funding is only for child care centers. There are different types of child care programs across the state and they are defined in regulation differently:

- Child Care Centers - these facilities are licensed by ECECD to provide care for more than 12 children in a home setting following regulatory ratios, group sizes and child ages. Child Care Centers may accept Child Care Assistance payments or parent paid fees. These programs are eligible to participate in CACFP.
- Child Care Licensed Homes – these settings are licensed by ECECD to provide care for less than 12 children in classroom settings following regulatory ratios, group sizes and child ages. Child Care Homes may accept Child Care Assistance payments or parent paid fees. These programs are eligible to participate in CACFP.
- Child Care Registered Homes - these settings are registered with ECECD to provide care for less than 4 children in a residential home. Child Care Registered Homes may accept Child Care Assistance payments or parent paid fees. These programs are eligible to participate in CACFP.

KK/SEC