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FISCAL IMPACT REPORT

ORIGINAL DATE 03/01/21

SPONSOR HAWC LAST UPDATED _____ HB 207/HAWCS

SHORT TITLE Food, Hunger & Farm Act SB _____

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HSD IT Costs, Software			\$2,462.0	\$2,462.0	Nonrecurring	General Fund
HSD Staff, Recurring IT costs		\$683.7	\$683.7	\$1,367.4	Recurring	General Fund
ALTSD Staffing		\$288.1	\$288.1	\$576.2	Recurring	General Fund
NMED, CYFD Staffing		\$10.0	\$10.0	\$20.0	Recurring	General Fund
NMDA Staffing		\$315.0	\$315.0	\$630.0	Recurring	General Fund
Total Recurring		\$1,296.8	\$3,758.8	\$5,055.6	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

HB207 relates to HB33, HB121, HM1, SB118, SB101, and SB370
Relates to Appropriation in the General Appropriation Act of 2021

SOURCES OF INFORMATION

LFC Files

Responses Received From

Aging and Long-Term Services Department (ALTSD)
Children, Youth and Families Department (CYFD)
Department of Health (DOH)
Early Childhood Education and Care Department (ECECD)
Environment Department (NMED)
General Services Department (GSD)
Higher Education Department (HED)
Human Services Department (HSD)
Indian Affairs Department (IAD)
NM Department of Agriculture (NMDA)
Public Education Department (PED)

SUMMARY

Synopsis of Bill

The House Agriculture and Water Resources Committee substitute for House Bill 207 (HB207/HAWCS) addresses comprehensive, multi-agency planning and coordination to address hunger and nutrition, expand food access, and promote state food and agricultural products.

The bill proposes creating the Food, Hunger and Farm Council, specifies its duties, and specifies broad agency and stakeholder membership. The bill directs the council to develop an annual strategic plan and an emergency and long-term food and hunger relief plan. The substitute adds that the statewide plan must contain recommendations from emergency response and management agencies resulting from previous or current emergencies.

The legislation provides for cross-agency data sharing and would require HSD to implement a shared data platform by December 1, 2023. The bill requires GSD to develop recommendations for changes to the state Procurement Code to increase the percentage of food purchased by state agencies from New Mexico-based food producers and processors by 50 percent by January 1, 2030.

FISCAL IMPLICATIONS

The House Agriculture and Water Resources Committee substitute for House Bill 207 (HB207/HAWCS) removed the \$750 thousand appropriation and no longer creates the nonreverting food, hunger and farm fund. HSD indicates the lack of an appropriation for staff, a new IT platform, and contract expenditures puts the success of the legislative proposal at risk.

HSD Appropriation Intent, Recurring Funding, Administrative Cost Issues

HSD reports under the provisions of the bill, staff with the specialized skills for assessing the needs of the larger strategic plan would have to be identified, hired, or contracted. In addition, HB207/HAWCS includes the implementation of a shared data platform. HSD’s proposed general fund costs for staff and IT systems totals \$3.1 million in FY23.

HSD proposes three full time employees requiring \$109,987 thousand from the state general fund annually:

# of FTE	Division	Position	Range	Mid-Pt	Salaries	Benefits	TOTAL	FFP	GF Need	FF Need
1	P522 - Program Support	GEN I	90	40.62	85,140	31,501.62	116,641	57.70%	49,339	67,302
1	P522 - Program Support	STAFF	75	27.72	58,101	21,497.41	79,599	57.70%	33,670	45,928
1	P522 - Program Support	MGT ANALYST-A	65	22.21	46,552	17,224.30	63,776	57.70%	26,977	36,799
TOTAL Personnel / Benefits					189,793	70,223	260,016	58%	109,987	150,029

Additional staff from other agencies (not included in the fiscal implications estimate) might include an epidemiologist, high level economist, and those with expertise in many aspects of the agricultural market.

Additionally, HSD's creation of a shared data platform will require a high level of IT involvement across multiple agencies in FY22 and FY23. HSD envisions leveraging technology investments made as part of the Health and Human Services (HHS) 2020 Medicaid management information system replacement (MMISR) project and the department's Emergency Support Function Six (ESF-6) operations to provide the foundation for the data sharing platform. The estimated cost of this expansion and configuration is a one-time cost of \$2 million. The estimated cost includes changes to the MMISR Data Services module to enhance the data warehouse, create additional data marts, create business intelligence dashboards, and analytics based on food and hunger data. The annual support cost is estimated to be \$300 thousand from the general fund annually to maintain and support the food and hunger data-related functions of the proposed MMISR Data Services module.

The ESF-6 application for food requests and distribution that was implemented at the beginning of the Covid-19 pandemic was designed to be scalable for future use. The application could be scaled up to accommodate the needs outlined by the data sharing platform provisions of HB207. The estimated cost to scale the current ESF-6 application is \$462 thousand and includes software licenses needed for the solution. An annual recurring cost \$161.7 thousand from the general fund is estimated to provide ongoing maintenance and support of the solution.

An IT business analyst II position would need to be created to coordinate with stakeholders for purposes of data sharing and analysis. The annual cost of an IT business analyst II position is \$112 thousand from the general fund including salary and benefits.

NMDA Staffing. NMDA reports it does not have sufficient staffing capacity to administer the duties proposed in the bill. NMDA projects it would require 3.5 FTE to administer the bill at an estimated annual recurring cost of \$315 thousand. The budget estimate includes salary for 2 senior level specialist, serving as project managers, and 1.5 intermediate level positions. This estimate also includes administrative support, benefits, travel, and supplies. This budget estimate does not include any costs for external studies, or contractual work that may be required.

NMDA suggests adding language that specifies the appropriation is to be used by HSD and NMDA for administrative costs for the development and implementation of the council and completion of the strategic plan.

ALTSD Staffing. ALTSD reports the agency would need at least 4 additional FTE to work on yearly planning, reporting, and implementation. The total for all 4 FTE, with pay and benefits at appropriate pay bands, would be approximately 288.1 thousand.

NMED and CYFD Staffing. The Environment and Children, Youth and Family Departments report they would require approximately \$10 thousand for staff to work on the bill.

SIGNIFICANT ISSUES

HB207/HAWCS calls for a strategic plan by December 1, 2022 and each December 1 thereafter. This strategic plan measures various causes, trends, impacts of food insecurity. It also calls for malnutrition to be assessed statewide. The strategic plan will outline an assessment on public aid for all types of nutrition to all various communities both public and private. A large portion of the required strategic plan relates to how New Mexico agriculture producers participate in solving

hunger in the state, as well as challenges faced by New Mexico agricultural producers. The bill requires the plan to include an in-depth evaluation of infrastructure, needs assessment, and gap analysis specific to state food production. In conclusion, the strategic plan would provide recommendations on how best to assist agricultural producers, including opportunities to enhance productivities, soil and water conservation and several other technical aspects that would be beneficial to the agricultural market in New Mexico.

HSD notes HB207/HAWCS may require inter-agency agreements and may be best accomplished with a collaborative structure similar to the Behavioral Health Collaborative. This would include a high level manager with two staff to coordinate and co-facilitate the meetings with named agencies and community partners to accomplish the work outlined in the bill.

HB207/HAWCS calls for an emergency and long-term food and hunger relief plan to respond to and provide emergency relief for food and water needs during a public emergency. The emergency relief plan is duplicative as there is an existing disaster relief plan which is being updated to reflect the current food efforts underway for the COVID19 public health emergency. HSD serves as the lead agency for the Emergency Services Function 6 during emergencies including public health emergencies.

The 50 percent New Mexico grown rule in section 12 does not apply to food banks as that could significantly impact the amount of available food through New Mexico's food bank operations.

HB207/HAWCS calls for HSD to implement a shared data platform on hunger and food systems in New Mexico by December 1, 2023. The purpose of the data platform includes:

- Analyze and monitor data pertaining to food, hunger and agricultural needs and assets;
- Share data across state agencies and with the public;
- Coordinate food chain sourcing, food distribution and food storage statewide;
- Support emergency food and water relief efforts.

The substitute moved the implementation date of the data system to after the delivery of the strategic plan. With this change, the IT system design could be included in the strategic plan, since the data system implementation is now due one year later on December 1, 2023.

ADMINISTRATIVE IMPLICATIONS

Early Childhood Education and Care Department. ECECD reports it would need to make modifications to its family nutrition data system to accommodate the data-sharing requirements of this proposed bill. Also, HB207 would require ECECD to modify its monitoring system to ensure food purchases by local programs meet any requirements set up in the proposed plans. U. S. Department of Agriculture approval of these modifications would be necessary prior to implementation.

New Mexico Department of Agriculture. The mandates within HB207 would be resource intensive for NMDA, and additional staff resources would be required to accomplish the listed mandates.

RELATIONSHIP

HB207 relates to HB170, NM Grown Produce in Child Care Centers; HB33, Livestock Board Meat Inspections; HB121, Meat Processing and Marketing Program; SB118, Food Accessibility

Act; SB101, Agricultural Workforce Development Program; and SB370, Emergency Food Bank Funds.

HB207 would appropriate \$750 thousand, and the bills below would appropriate funding as listed below:

- HB132, \$5 million to food banks emergency funds for Covid-19 recovery;
- HB133, \$100 thousand to a higher education pilot program reduce college hunger;
- HB170, \$100 Thousand to NM Grown in early childcare;
- SB101, \$100 thousand for agriculture workforce development.

In addition, the proposed General Appropriation Act includes appropriations for food banks produce and shelf stable food.

TECHNICAL ISSUES

HSD Appropriation for Food and Administration and IT System Issues

HSD writes the bill's lack of an appropriation for actual expenditures for food for New Mexicans puts the success of the legislative proposal at risk. HSD suggests adding veterans or homeless groups as a member of the council.

GSD Procurement Issues

GSD notes Section 12 of the bill would require GSD to “develop recommendations” for changes to procurement requirements. Section 13 of the bill provides that plan “recommendations” developed pursuant to Sections 2 through 11 of the bill shall be provided to the Governor, et al, by November 1, 2022, and each November 1 thereafter. The bill is silent regarding when and where GSD should report its recommendations. Section 2 provides the council shall present its “strategic plan” to the governor, et al, by December 1, 2022 and each December 1 thereafter. In contrast, Section 13 of the bill provides that “recommendations” developed pursuant to Sections 2 through 11 of the bill shall be provided to the Governor, et al, by November 1, 2022, and each November 1 thereafter. In summary: (1) The bill does not provide any direction regarding when and where GSD should report its “recommendations.” (2) Section 2 requires that the council present a “strategic plan” and not “recommendations.” and (3) Section 2 requires that the strategic plan be presented on December 1 of each year and not November 1, as required in Section 13.

GSD notes it appears possible the reference in Section 13 to Sections 2 through 11 should, in fact, refer to Sections 3 through 12, and suggests the following amendment, on page 10, line 23, strike “2 through 11” and insert in lieu thereof, “3 through 12”.

If signed into law, the bill would take effect on July 1, 2021, and only provide GSD four months to develop recommendations.

ECECD Early Childhood Food Purchasing Issues

ECECD reports the department does not purchase food directly for early childhood programs, but each child care entity purchases meals from local grocery stores, local farmers markets, and depending on the size of the facility, through food vendors. If the bill's procurement requirements

are passed on to the food sponsors and early childhood programs, the financial impact and year-round access to these products may reduce the participation of these early childhood programs. In addition, changes to procurement processes in the ECECD federally-funded programs (i.e., child-adult care food program or summer food services program), would require prior approval by the U.S. Department of Agriculture (USDA).

NMDA Duplication, Mission, and Security Issues

NMDA reports the following issues:

There are conflicting reporting due dates in Section 2 (lists December 1, 2022 and each December 1 thereafter) and Section 13 (lists November 1, 2022 and each November 1 thereafter).

Section 3 directs agencies to develop an inventory of food and agriculture critical infrastructure information. This inventory presents security challenges to distribution systems (i.e., agro terrorism). Special care should be taken to maintain data integrity and security of critical asset information.

Section 4 references the New Mexico Livestock Board (NMLB). However, NMLB is a regulatory agency and it is not under NMLB's purview to develop meat production infrastructure, processing, and distribution recommendations.

Section 5 may be duplicative of existing programs and policies. There are many programs in existence that direct agencies to collaborate on workforce issues. One example is a program that was created through the New Mexico Agricultural Workforce Development Program Act (76-26-1 through 76-26-3 NMSA 1978).

Section 6 and 7 duplicate efforts of the New Mexico Grown interagency taskforce. This task force is comprised of five state agencies who believe local food has the power to transform New Mexico nutrition programs. The PED, ECECD, and ALTSD administer the state's nutrition programs and play a key role in shaping New Mexico's food and agricultural systems. NMDOH and NMDA provide guidance on program delivery and implementation.

Section 8 duplicates NM First's collaborative development of the "Agricultural Resilience in New Mexico." Substantial resources were devoted to this work and it is ongoing. See <https://nmfirst.worldsecuringsystems.com/event-details/ag>.

Section 10 (B) duplicates planning efforts within the New Mexico all-hazard emergency operations plan.

Section 12. Multiple issues may exist in that NM producers and processors may not have the ability and/or willingness to supply the proposed requirements. An evaluation of food production and processing in comparison to food procurement benchmarks may offer a more achievable option.

OTHER SUBSTANTIVE ISSUES

Tribal Child Hunger Survey

IAD conducted a tribal child hunger survey with 21 of the 23 tribal nations in New Mexico responding. Shared challenges to overcome child hunger included transportation to and from meal service locations, lack of funding, insufficient infrastructure, limited workforce, chronic diseases like diabetes, behavioral health challenges, misuse of government food assistance programs, lack of healthy cooking and eating knowledge, and high exposure to unhealthy foods. The 23 tribal nations have been supported by a variety of grants from CYFD, tribal grants, USDA, and state grants, but not all tribes receive these grants, such as Jicarilla Apache Nation, which does not have facilities to prepare and provide meals to children.

Pandemic Food Support for the 23 Tribal Nations

The Indian Affairs Department reports it partnered with state agencies, foundations, the Governor's office, and the National Guard as follows:

- Navajo farmers provided food relief, in partnership with the McCune Charitable Trust, by delivering produce to Navajo families within the Shiprock area.
- The Aging and Long-term Services Department delivered 4,000 food boxes to tribal senior centers.
- The Early Childhood Education and Care Department delivered baby formula and childcare boxes.
- The Emergency Operation Center delivered 2.3 million pounds of food with the help of state agencies and the National Guard.

NMDA Operational Costs of a NM State Meat Inspection Program Study

NMDA reports during the 2019 legislative session, and pursuant to HB548, it received an appropriation of \$50 thousand to conduct a study regarding state support for a commercial meat inspection program. Under the direction of NMDA, the New Mexico State University \College of Agriculture, Consumer and Environmental Sciences (ACES) conducted a comprehensive study titled *Operational Costs of a New Mexico State Meat Inspection Program*. Section 4 of the bill could duplicate these efforts.

DOH and New Mexico Interagency Task Force

DOH reports the New Mexico Interagency Task Force was created to address increased procurement of high-quality locally grown foods. The task consists of the Children's Cabinet along with the agencies that administer the state's nutrition programs – the Departments of Public Education, Early Childhood Education and Care, Health, and Aging and Long-Term Services. The Department of Health and New Mexico Department of Agriculture provided guidance on program delivery and implementation at the local level. Nutrition programs are a critical component of the state's response to hunger and poverty and can have a positive impact on food access and health outcomes. Additionally, the importance of these programs has been highlighted during the Covid-19 pandemic, especially for those who rely on them most for consistent and stable meals.

Food Insecurity in New Mexico

ALTSD writes in New Mexico, 1 in 7 adults experiences food insecurity. New Mexico experiences high rates of food insecurity, and too many adults and children suffer from nutrition-related chronic

conditions, including obesity and diabetes. Programs that incentivize consumption of locally grown, healthy, fresh produce to food-insecure individuals offer both health benefits to low-income communities as well as economic benefits to local farmers.

HSD writes based on estimated food donation and estimated USDA commodities along with food purchases from other sources, the New Mexico food banks estimate a food shortage of approximately 6.04 million pounds of food in FY21. New Mexico is ranked 5th in the nation for food insecurity by Feeding America's most recent Map the Meal Gap 2020 study. The study estimates the number of food insecure individuals will grow from 315,900 individuals in 2019 to 372,490 individuals in 2020 as a result of the Covid-19 pandemic. New data on the amount of USDA food is not yet available for FY22, however, other food that was offered to New Mexico in FY19 and FY20 in the form of federal Trade Mitigation subsidies is no longer available.

ALTERNATIVES

ECECD reports it 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.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

CYFD writes given that the food insecurity of New Mexico is already listed as 50th in the nation, without a cross-sector response, the hunger of children and other vulnerable populations will continue.

RAE/sb/al