

LFC Requester:

Sunny Liu

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)**

**(Analysis must be uploaded as a PDF)**

**SECTION I: GENERAL INFORMATION**

*[Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill]*

**Date Prepared:** 3/4/2025 Check all that apply:

**Bill Number:** SM 19 Original  Correction   
 Amendment  Substitute

**Sponsor:** Crystal Brantley Pat Boone **Agency Name and**  
Candy Spence Ezzell Pat Woods **Code Number:** NMDA - 199

New Mexico Meat, Cheese & **Person Writing Analysis:** Jeff Witte  
**Short Title:** Produce in Schools **Phone:** 575-294-3817 **Email:** jheitz@nmda.nmsu.edu

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	NFI	NFI	NFI			

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Senate memorial 19 (SM 19), requests that the New Mexico department of agriculture (NMDA) and the public education department (PED) convene a workgroup to develop a plan aimed at ensuring that fifty percent of the beef, cheese, and milk served in New Mexico public schools originates from and is processed within the state. This initiative is intended to support local agriculture, improve the state's economy, promote sustainability, and enhance the quality of food offered to students. The workgroup would assess the current state of the local agricultural industry, identify opportunities for growth, and propose strategies to increase the amount of in-state produced beef, cheese, and milk used in New Mexico's public institutions. The overall goal is to foster local food systems and provide economic support to New Mexico farmers and ranchers while ensuring that children and communities benefit from locally sourced products. The workgroup will include specified agricultural industry groups and dairy processors. The workgroup will provide its report to the appropriate legislative committees studying agriculture and public education by September 1, 2025.

### **FISCAL IMPLICATIONS**

No fiscal impact to NMDA.

### **SIGNIFICANT ISSUES**

According to the 2023 New Mexico agricultural statistics bulletin, New Mexico crop and livestock product sales in 2023 totaled \$3.99 billion, a 4 percent increase from the previous year. Total cash receipts from livestock products in 2023 increased 3 percent from the previous year to \$3.09 billion. The number one cash commodity for the state was cattle and calves, followed by milk. New Mexico's inventory of all cattle and calves was 1,290,000 head as of January 1, 2024, down 40,000 head from 2023. New Mexico's milk cow inventory decreased 11 percent from 281,000 to 250,000 head as the drought conditions throughout the state had a significant impact. New Mexico is ranked 9<sup>th</sup> in the nation in milk production, in 2023 the state produced a total of almost 6.7 billion pounds of milk. New Mexico is ranked 4<sup>th</sup> in the nation in cheese production, in 2023 producing 993 million pounds of cheese.

New Mexico currently has 88 permitted dairy farms and 8 dairy plants that produce value added products such as fluid milk, cheese, whey products, and dried milk powder.

According to the United States department of agriculture (USDA) food safety and inspection service, there are eight (8) livestock slaughter facilities currently under a federal grant of inspection, allowing for public sale and consumption. NMDA is aware of an additional twenty-three (23) facilities operating within the state as custom exempt livestock slaughter operations. A custom-exempt operation can only slaughter and process livestock for the exclusive use of livestock owner(s). This product cannot be sold to the public and is for immediate consumption. All slaughter and processing operations within the state are considered small by USDA standards.

SM 19 has the potential to strengthen New Mexico's agricultural industry, foster local food systems, and provide fresh food to schools. Its implementation will need to address the significant challenges of supply chain capacity, cost, industry readiness and regulatory hurdles. A comprehensive plan with targeted support for local producers, infrastructure development, and clear strategies for overcoming these issues will be critical to success. Forecasting long term outcomes will be influenced by the following factors:

### Supply chain and capacity:

- New Mexico's agricultural industry may not have the infrastructure or capacity to meet the demand for 50% of the beef, cheese, and milk served in the state in the value-added forms and packaging required by public schools. This could include challenges in terms of processing infrastructure and/or local distribution. Developing these facilities could require significant investment, time, and coordination between state agencies, private producers, and other stakeholders.
- Agricultural production can be seasonal and securing a consistent and adequate volume of locally sourced beef year-round may pose logistical challenges, especially in meeting the needs of public schools statewide.
- Agriculture is subject to market fluctuations, weather patterns, and external factors like global commodity prices. A reliance on local products could make schools and institutions vulnerable to price volatility and disruptions in the supply chain.
- Milk processed by state dairy processors/manufacturers is received through interstate shipments purchased through their partner cooperatives. Differentiating cheese or fluid milk originating from state ranchers or dairies may not be possible.

### Cost considerations:

- Local products may be more expensive than those sourced from out-of-state due to factors such as scale, processing, and transportation costs. If local products are more costly, it could strain public school budgets, which operate within state procurement policy guidelines.
- The memorial does not explicitly address the potential financial support needed to help local producers scale up operations to meet the demand. The state may need to consider funding mechanisms to help local beef and dairy processors transition to meet the new requirements.

### Regulatory:

- New Mexico may face challenges in terms of its agricultural infrastructure, including processing facilities, storage, and transportation capabilities. There may be existing regulations or barriers that could make it difficult for small, local producers to meet the necessary food safety standards, processing requirements, and distribution channels for institutional markets such as schools.

### Public school operational impacts:

- State public schools may face challenges in adjusting to new sourcing practices, particularly if they are accustomed to working with larger, established food service institutional suppliers. This shift could require staff retraining, changes in procurement procedures, and potential disruptions to meal planning.
- If the transition to local sourcing is not well-planned, there could be disruptions in food availability, leading to shortages or delays in school meals or other institutional food services.
- Some public schools serve pre-cooked meat products and no longer cook and prepare fresh meats in schools. This may require public schools to invest in additional cold storage and commercial food preparation applications to prepare fresh local beef. Additionally, public school cafeteria staff may require training in the safe preparation and service of fresh local beef in dishes served to students.

## **PERFORMANCE IMPLICATIONS**

No performance impact to NMDA.

## **ADMINISTRATIVE IMPLICATIONS**

N/A

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

N/A

## **TECHNICAL ISSUES**

SM 19 is titled New Mexico Meat, Cheese & Produce; however, the bill focuses specifically on beef, cheese, and milk. Clarity is needed on the scope of the plan to be developed by the work group. If produce is intended to be included, industry representation should be added to the work group.

## **OTHER SUBSTANTIVE ISSUES**

PED currently administers the New Mexico grown farm to school program. Specifically, farm to school includes one or more of the following program elements: 1) procurement, 2) school gardens and outdoor classrooms, and 3) food education. PED works to strengthen K-12 schools' and school districts' connection to fresh, healthy food and local food producers by changing purchasing and education practices across New Mexico. One aspect of this program is the New Mexico Grown Grant which provides funding to school districts across New Mexico to purchase fresh and minimally processed fruits, vegetables, and meat products that are grown in the state for school meals. Any plan developed by the work group should be complementary to this ongoing program.

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

NMDA and PED will not convene a workgroup to develop a plan aimed at ensuring that fifty percent of the beef, cheese, and milk served in New Mexico schools and public institutions originates from and is processed within the state. NMDA will continue to work with PED through the New Mexico grown program, a value based local food purchasing program that nourishes New Mexico school aged children. New Mexico grown started meat in 2023, and according to PED, up to 40 percent of New Mexico grown funds are spent on local meat each year.

## **AMENDMENTS**

N/A