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## FISCAL IMPACT REPORT

SPONSOR King ORIGINAL DATE 2/2/09  
LAST UPDATED \_\_\_\_\_ HB 386  
SHORT TITLE NM-Grown Fruits & Vegetables In School Lunch SB \_\_\_\_\_  
ANALYST Haug

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$3,300.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 171, SB 107

### SOURCES OF INFORMATION

LFC Files

### Responses Received From

Higher Education Department (HED)  
Public Education Department (PED)  
Health Policy Commission (HPC)  
Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

House Bill 386 appropriates \$3,300.0 from the general fund to the Board of Regents of New Mexico State University for the NM Department of Agriculture to purchase New Mexico grown fresh fruits and vegetables, when available, and to administer a program ensuring that the fresh fruits and vegetables are delivered to school meal programs statewide.

### FISCAL IMPLICATIONS

The appropriation of \$3,300.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of any Fiscal Year shall not revert to the general fund.

## **SIGNIFICANT ISSUES**

The HED's FY10 Institutional Funding Requests table does not include this request as being reviewed by the HED. It is not included in the HED's funding recommendation for FY10.

The LFC Appropriation Recommendations, Volume II, pages 364-365 states:

The committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. The committee also continues to have significant concerns about accountability and performance outcomes for these projects.

The committee recommendation reduces funding included in the HED request by varying levels from FY09 funding amounts for research projects, public service projects and P-20 pipeline projects focusing on students.

With respect to special projects, higher education institutions advanced 114 proposals for new projects and expansions at a total general fund cost of \$54 million during the HED budget request process in fall 2008.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The Executive Budget in Brief notes that over the years more than 300 RPSPs have been created, accounting for a large portion of institution budgets. The current RPSPs were reviewed while considering the relevance of the project to the core mission of the institution, the community benefit and the outcomes associated with each project. (Budget in Brief and Policy Highlights, P 9-10.)

NMDA noted in its response to House Bill 171 that NMDA will need to acquire additional personnel, resources, or logistical expertise to purchase New Mexico fresh fruits and vegetables and deliver to schools statewide. NMDA does not have adequate personnel or financial resources to administer this program; at least one FTE would be required to administer this program.

The PED notes that:

- A 2007 survey in New Mexico found that of 150 farmers who completed surveys (a 22% response rate), 96 (64%) indicated they would be interested in selling to local schools and institutions. Of 60 school food service directors that responded, 50 indicated that they would purchase from New Mexico farmers. They represent 370 schools and 185,493 students, equaling 53% of New Mexico's 348,820 K-12 students.
- Approximately 63% of New Mexico school lunch program participants comes from low-income households, making school nutrition a logical place to promote healthier eating habits.
- A diet poor in fresh fruits and vegetables increases the risk of heart disease, cancer, and obesity.

- Child obesity and food insecurity are some of the battles the youth of New Mexico face. New Mexico is a poor state; unfortunately, pre-processed foods are least expensive and contain a lesser amount of nutritional value as opposed to fresh fruits and vegetables.
- Through this funding, New Mexico's farmers would be financially assisted during the current recession and children would receive wholesome fresh fruits and vegetables, establishing a lifelong habit of consuming healthy produce.

The Department of Human Services Strategic plan and the Governor's Performance and Accountability contract, "A Healthy New Mexico," seek to reduce child obesity and diabetes in all populations.

The HPC states that:

In 2007, the state legislature appropriated \$85,000 to the Valley Cluster schools in Albuquerque. This program provided to 6,000 students two additional servings of fresh fruits and vegetables weekly.

Currently, in a limited capacity, eight school districts-- Taos, Santa Fe, Las Cruces, Los Lunas, Alamogordo, Belen, Farmington, and Albuquerque-- are serving more than 165,000 school children on a limited basis with New Mexico grown fresh fruits and vegetables.

The DOH notes that:

Increased fresh fruit and vegetable intake is one of the key strategies that the Department of Health (DOH) uses through its "Fruits & Veggies – More Matters" Program to prevent chronic diseases such as coronary heart disease, some cancers, obesity, and osteoporosis.

HB386 is supported by the New Mexico Food & Agriculture Policy Council and also aligns with the Nutrition Rule which requires that foods sold in schools meet certain requirements to promote health.

## **RELATIONSHIP**

House Bill 386 relates to House Bill 171 which would appropriate the same amount for the same purpose but with reversion and to Senate Bill 107 which would appropriate \$1440.0 for the same purpose.

GH/mt