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## FISCAL IMPACT REPORT

SPONSOR Hall/Egolf ORIGINAL DATE 2/6/17  
 LAST UPDATED \_\_\_\_\_ HB 208

SHORT TITLE NM-Grown Produce In School Meals SB \_\_\_\_\_

ANALYST Fernandez

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
	\$1,440.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Education Department (PED)

Department of Health (DOH)

New Mexico Department of Agriculture (NMDA)

### SUMMARY

#### Synopsis of Bill

House Bill 208 appropriates \$1.4 million from the general fund to the Public Education Department for expenditure in FY18 and subsequent years for the purchase and distribution of New Mexico grown - fresh 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 and promote the program. Any unexpended 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 balance remaining at the end of a fiscal year shall not revert to the general fund.

According to PED, in FY15, funding appropriated in the amount of \$239.3 was distributed to all School Food Authorities participating in the National School Lunch Program on a per pupil basis and more than half went unspent. FY16 was similar, of the \$363.3 appropriation, \$133.5 was not

spent. It is unclear why school districts and charter schools continue to not use the funds made available. The appropriation in FY17 for this purpose is \$250 thousand.

PED's analysis notes that similar appropriations made over the past few years have 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.

Finally, PED suggests the Legislature may wish to allow transportation costs to be part of the appropriation if the intent of the appropriation is to increase the availability of local produce statewide. Additional transportation costs for schools cannot be determined at this time, since sites have not been selected.

### **SIGNIFICANT ISSUES**

PED notes that appropriations in past fiscal years for the purchase of New Mexico-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. In 2015, \$364.3 was appropriated for New Mexico-grown produce. Funding was provided to each School Food Authority participating in the National School Lunch Program on a per pupil basis. In 2016, \$250 thousand was appropriated for New Mexico-grown produce providing funding for 51 districts and charter schools. Funds ranged from \$100.00 to \$63,100.00.

### **PERFORMANCE IMPLICATIONS**

PED indicates this bill "may support the PED's strategic lever that all students are ready to learn by reinforcing the linkage between health and academic success."

DOH indicates this bill is related to the NM Department of Health 2017-2019 Strategic Plan: Result 1: Improved Health Status for New Mexicans.

### **ADMINISTRATIVE IMPLICATIONS**

PED will be required to administer the program. The appropriation includes funding for 1 additional full-time equivalent position.

## 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 21<sup>st</sup> Century grants participate in after-school snacks with the 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.

## OTHER SUBSTANTIVE ISSUES

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.

DOH provides the following information:

Eating a diet high in fruits and vegetables is associated with a decreased risk of many chronic diseases, including obesity, heart disease, stroke, high blood pressure, diabetes and some cancers.

There is evidence of the interrelationship between health and academic achievement. Numerous studies have shown students participating in school breakfast or lunch programs had improvement in grades, standardized test scores and school attendance. After adding specific nutrients (fruits, vegetables and dairy products) that were previously missing from students' diets, their academic performance improved. However, only 23.8% of NM middle and high school students eat the recommended level of at least 5 fruits and vegetables a day (NM Youth Risk & Resiliency Survey, 2011, <http://youthrisk.org/>).

Further, the prevalence of obesity in NM children continues at high rates and is occurring at younger ages. In 2015, 25.6% of kindergarteners and 34.4% of third graders living in New Mexico were either overweight or obese (New Mexico Childhood Obesity Update, 2015, <https://nmhealth.org/data/view/chronic/1861/>). Obesity and overweight prevalence rates continue to remain high across grades and genders in NM public elementary

schools. In 2015, more than one in four kindergarten students (25.6%) were overweight or obese. Prevalence rates were significantly higher among third graders; over one in three (34.4%) was overweight or obese. Third grade students measured in 2015 were sampled from roughly the same general birth group as the 2012 kindergarten sample. Over 14% of kindergarten students were obese in 2012 and by 2015, 18.9% of students in this birth group (now third graders) were obese. This significant (29%) upward shift in obesity prevalence between kindergarten and third grade highlights the continued need to address and prevent excessive weight gain and support healthy eating and active living behaviors at an early age.

Emerging research suggests that farm-to-school programs increase fruit and vegetable purchases and intake when produce was included in a school salad bar or as part of the meal selection during the school day (<http://dx.doi.org/10.1080/19320240802244025>).

The *State Farm to School Legislative Survey 2002-2013* provides a summary of each farm to school related bill proposed in the U.S. since 2002, whether enacted, defeated, or still pending. This document is an update of an August 2011 survey. As the report indicates, state farm to school legislation is on the rise across the country. In 2012 and 2013 alone, 20 states passed farm to school related legislation, and 17 other states introduced legislation, including New Mexico.

[http://www.farmentoschool.org/Resources/State\\_Farm\\_to\\_School\\_Legislative\\_Survey\\_4\\_2014.pdf](http://www.farmentoschool.org/Resources/State_Farm_to_School_Legislative_Survey_4_2014.pdf)

Farm to school enriches the connection communities have with fresh, healthy food and local food producers by changing food purchasing and education practices at schools and preschools. Students gain access to healthy, local foods as well as education opportunities such as school gardens, cooking lessons and farm field trips. Farm to school empowers children and their families to make informed food choices while strengthening the local economy and contributing to vibrant communities.