

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2800

STATUS: A Engrossed

SUBJECT: Reimbursements and grants to school districts; relating to Oregon food products and food-based, agriculture-based, and garden-based educational activities

GOVERNMENT UNIT AFFECTED: Oregon Department of Education, Department of Agriculture, Oregon Economic and Community Development Department, local education agencies (school districts)

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DATE: April 14, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Department of Education		
Personal Services – General Fund	\$ 176,898	\$ 202,109
Services and Supplies – General Fund	\$ 2,188	\$ 2,500
Special Payments – Lottery Funds	\$ 22,580,000	\$ 0
All Funds	\$ 22,759,086	\$ 204,609
POSITIONS / FTE:	2/1.31	2/1.50
Department of Agriculture		
Personal Services – General Fund	\$ 147,826	\$ 160,680
Services and Supplies – General Fund	\$ 48,013	\$ 39,688
All Funds	\$ 195,839	\$ 200,368
POSITIONS / FTE:	1/0.92	1/1.00

EFFECTIVE DATE: July 1, 2009

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: House Bill 2800 requires the Department of Education (ODE) to provide reimbursements to school districts that serve Oregon food products as part of the United States Department of Agriculture's National School Lunch Program or School Breakfast Program. The measure requires that in addition to working with the Department of Agriculture to develop farm-to-school related programs, ODE work with a number of other stakeholders including agricultural organizations, state institutions of higher education and other regional organizations and community-based organizations. The measure allows a school district to receive reimbursement for purchasing Oregon food products by applying to ODE and showing that the food for which the district seeks reimbursement meets certain criteria. The measure specifies criteria to determine the amount ODE shall reimburse a school district for purchases of qualifying Oregon food products. The measure requires ODE to consult with the Department of Agriculture to develop rules and standards related to the implementation of the reimbursements and to determine the recipients and amounts of grants awarded. The measure specifies that no more than 150 grants can be made per biennium and the amount of each grant shall not exceed \$20,000 per biennium. The measure requires ODE to adopt rules that establish the criteria to determine the eligibility for an

awarded grant. The reimbursements apply to food that school districts purchase after July 1, 2009. The measure allocates \$22,580,000 to the Oregon Economic and Community Development Department (OECDD) from the Administrative Services Economic Development Fund for the 2009-11 biennium. The measure authorizes expenditure limitation for the same amount, from the same fund to OECDD and ODE. The expenditure limitation is for the following purposes: \$19,580,000 for reimbursements to school districts for purchasing Oregon food products and \$3,000,000 for grants to be used for food-based, agriculture-based, and garden-based educational activities.

There is an indeterminate fiscal impact to the Department of Education to reimburse all of the school districts that qualify under the standards as outlined in the bill. It is not known how many districts will report the qualifying purchases, or when the reimbursement requests will be made. ODE reports that many school districts already provide some Oregon food products to students, potentially more school districts would use the reimbursements as incentive to provide Oregon food products as part of the United States Department of Agriculture's National School Lunch Program or School Breakfast Program.

ODE anticipates that two new positions, one Child Nutrition Specialist (1.00 FTE) and one Accounting Technician 2 (0.50 FTE) will be required to administer the reimbursement funding to school districts. These positions will serve to verify that the food purchased by school districts meet the requirements for reimbursement as outlined in the bill. ODE anticipates that the school districts would report qualifying Oregon food expenditures to the department on a monthly basis. The department currently employs one position (1.00 FTE) that currently works in the Farm-to-School Program; however that position focuses on assisting school in utilizing and promoting Oregon food products. However, staffing requirements would be dependent on how many districts request the reimbursements. The two positions will cost \$179,086 for the 2009-11 biennium and \$204,609 for the 2011-2013 biennium. ODE assumes the positions will start work in October 2009. ODE reports that it will incur a minimal fiscal impact in terms of staff resources to award grants to schools for food-based, agriculture-based, and garden-based educational activities; ODE reports that it can incorporate this workload into existing resources.

The Oregon Economic and Community Development Department (OECDD) will transfer the funding allocation in the bill to ODE for both the reimbursement amounts and the grant funding. The allocation to OECDD is intended to be pass through funding. A minimal amount of current OECDD staff time will be spent to disperse the funds to ODE; OECDD reports that this workload can be absorbed into existing resources. The expenditure authorities in the bill as drafted are unclear and the Joint Committee on Ways and Means could clarify these when it receives possession of the bill.

The Department of Agriculture anticipates that one new full-time position, Program Technician 2 will be required to consult with ODE to determine the grant recipients and amounts. The position will cost \$195,839 for the 2009-11 biennium and \$200,368 for the 2011-2013 biennium. The department assumes the position will start work in September 2009. The department currently employs one position (1.00 FTE) that currently works in the Farm-to-School Program; however that position focuses on outreach to school districts to encourage and facilitate the use of Oregon-food products in schools. The Department of Agriculture reports that its current Farm-to-School position will assist in the determination of the grant recipients and amounts. Due to potential reductions within this agency's budget the current Farm-to-School position is subject to elimination and the department may require more resources to assist in the setting of the reimbursement rules and standards and the grant-making decisions. The Legislative Fiscal Offices believes that this staffing estimate may be high, but workload will depend on the complexity of the grant requirements.