

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4960-02
Bill No.: SB 958
Subject: Administration, Office of; Agriculture; Agriculture Department; Corrections Department; Education, Elementary and Secondary; Food; Health and Senior Services, Department of; Hospitals; Military Affairs; Nursing Homes and Long-Term Care Facilities
Type: Original
Date: February 17, 2016

Bill Summary: This proposal changes the “Farm-to-School Act” and program to the “Farm-to-Table Act” and program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(77,913 to Unknown)	(\$79,471 to Unknown)	(\$79,741 to Unknown)
Total Estimated Net Effect on General Revenue	(\$77,913 to Unknown)	(\$79,471 to Unknown)	(\$79,741 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Corrections (DOC)** assume this legislation has the potential to fiscally impact their agency by increasing the department's food cost. With the initial goal of ten percent of total food purchased by DOC from Missouri farms or agribusinesses, this increased purchasing cost could increase overall food costs per offender per day.

By the definition of "small farms" and "small agribusiness", it is doubtful that any one farm or agribusiness could support the product needs of all of our institutions statewide. Therefore smaller regional contracts or purchases would need to be made, resulting in only some of the institutions incurring the higher food costs.

If only certain regions or institutions would be purchasing product from Missouri farms or agribusinesses, the volume of product needed statewide by other institutions would decrease proportionately. Since the DOC manages its costs by purchasing in volume and the amount purchased affects the cost of delivered product, the purchasing price for non-Missouri products could also increase because lower volumes would be purchased.

The Department of Corrections spent approximately \$31,165,327 in FY15. This legislation proposes that at least ten percent of all food products be purchased locally. Based on current figures, ten percent would amount to \$3,116,533 of locally purchased food. It is assumed that there may be at least 5% higher cost to purchase food locally adding \$155,827 of additional cost. The Department's costs would then be approximately \$3,272,360. The DOC could possibly absorb approximately half of the increased cost. Therefore, the estimated amount of increased cost would be (\$77,913 to Unknown) in year 1, (\$79,471 to Unknown) in year 2, and (\$93,113 to Unknown) in year 10.

DOC food costs	(\$31,165,327)
Minimum purchase locally %	10%
Amount to purchase locally	(\$3,116,533)
Estimated cost increase %	5%
Amount of increase to purchase locally	(\$155,827)
Increased cost in year 1 after half absorbed by DOC	(\$77,913)

ASSUMPTION (continued)

Oversight will not project costs into year 10 for this fiscal note but will show the impact through FY19 based on the information provided for FY17 and FY18.

Officials from the **Department of Agriculture (AGR)** responded to HCS HB 1184 from session 2015 as follows:

This proposal would require one new Marketing Specialist II/III, related equipment, materials, and travel. The added employee will remain after the first year. Most states with these positions have made them permanent.

AGR assumes the position will be required to deliver the new scope of work for farm-to-school outreach detailed throughout the proposal.

AGR assumes this position will be incorporated into the existing Agri-Missouri program, all other costs would be absorbed with existing appropriation and funding.

However, this year officials at the AGR assumed this proposal would not have a fiscal impact on their organization. Therefore, **Oversight** will not show a fiscal impact to AGR in this fiscal note.

Officials at the **Department of Agriculture, Department of Economic Development, Department of Elementary and Secondary Education, Department of Higher Education, Department of Natural Resources, and Office of Administration** each assume this proposal will not have a fiscal impact on their respective organizations.

In response to a similar proposal (HB 1747), officials at the **Department of Health and Senior Services** assumed the proposal would not have a fiscal impact on their organization.

Officials at the school district of **New Haven** assume this proposal will have a negative impact by adding 15% costs to providing meals to students through increased foods costs and labor costs to procure and prepare the food purchased locally.

Officials at the school district of **Macon County R-IV** assume this proposal will have a minimal fiscal impact on their organization based on possible costs related to workshops and travel.

Oversight assumes the program already applies to schools (Farm-to-School Act being replaced by the Farm-to-Table Act) and therefore the changes in this proposal would have no additional fiscal impact to school districts. Oversight will further assume school districts will be able to meet the new 10% threshold with existing resources.

Officials at the cities of **Jefferson City** and **Kansas City** each assume this proposal will not have a fiscal impact on their respective organizations.

ASSUMPTION (continued)

Officials at the **Missouri State University, Missouri Western State University, Northwest Missouri State University, State Technical College of Missouri, University of Central Missouri, and University of Missouri** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the school districts of **Kingston 42, Malta Bend, and Seymour R-II** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and Truman State University did not respond to **Oversight's** request for fiscal impact.

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, East Newton R-6, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kansas City, Kearney R-1, Kennett #39, King City R-1, Kirbyville R-VI, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Mehville, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Shelby County R-4, Shell Knob #78, Sikeston, Silex, Slater, Smithville R-2, Special School District of St. Louis

ASSUMPTION (continued)

County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Tipton R-6, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Webster Groves, West Plains R-VII, Westview C-6 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Costs - DOC</u>			
Increased food costs	(\$77,913 to <u>Unknown</u>)	(\$79,471 to <u>Unknown</u>)	(\$79,471 to <u>Unknown</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(\$77,913 to <u>Unknown</u>)	(\$79,471 to <u>Unknown</u>)	(\$79,471 to <u>Unknown</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

A direct fiscal impact to small farms could be expected as a result of this proposal.

FISCAL DESCRIPTION

This act changes the "Farm-to-School Act" and program to the "Farm-to-Table Act" and program. Under this act, the program will connect Missouri farmers to institutions in order to provide such institutions with locally grown agricultural products. This act defines "institutions" as facilities including schools, correctional facilities, hospitals, nursing homes, and military bases. This act also requires the Department of Agriculture to develop program goals by December 31, 2019.

Currently, certain state departments are required to make staff available to the program, including the Department of Health and Senior Services, the Department of Elementary and Secondary Education, and the Office of Administration. This act adds the Department of Corrections to this staff requirement.

Currently, the Farm-to-Table Task Force is composed of certain members. Under this act, one representative will also be added to the Task Force from the Department of Corrections, the

FISCAL DESCRIPTION (continued)

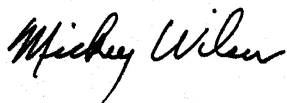
Department of Health and Senior Services, and from a military base in this state. Currently, the Director of the Department of Agriculture and the Director of the Department of Elementary and Secondary Education may each appoint 2 members to the Task Force. Under this act, each may only appoint 1 member. Further, the Director of the Department of Corrections and the Director of the Department of Health and Senior Services shall each appoint 1 member. Under this act, the Task Force is required to prepare a report for the Governor, General Assembly, and the Director of each entity represented on the Task Force by December 31 of each year.

Currently, the Farm-to-School Act and Program is set to expire on December 31, 2015. This act repeals this expiration date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Corrections
Department of Agriculture
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education
Department of Natural Resources
Office of Administration
Department of Health and Senior Services
Jefferson City
Kansas City
Missouri State University
Missouri Western State University
Northwest Missouri State University
State Technical College of Missouri
University of Central Missouri
University of Missouri
Kingston 42 School District
Malta Bend School District
Seymour R-II School District
New Haven School District
Macon County R-IV School District



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