COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4857-03
Bill No.: HCS for HB Nos. 2121, 1747 & 2244
Subject: Agriculture; Agriculture, Department of; Food; Elementary and Secondary Education, Dept. of; Corrections, Department of; Military Affairs; Hospitals; Nursing Homes and Long-Term Care Facilities
Type: Original
Date: February 10, 2016

Bill Summary: This proposal changes the laws regarding the Farm-to-School Act.

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)	($79,471 to Unknown)
Total Estimated Net Effect on General Revenue	**($77,913 to Unknown)**	**($79,471 to Unknown)**	**($79,471 to Unknown)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on Other 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 All 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 the Department of Corrections (DOC) 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 effects 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 for food. 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 Purchased Locally %	10%
Amount to Purchase Locally	($3,116,533)
Estimated Cost Increase %	5%
Amount of Increase to Purchase Locally	($155,827)
Increased Cost - Year 1 (after half absorbed by DOC)	($77,913)

ASSUMPTION (continued)

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

The 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 assume 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.

In response to a previous version, officials at the school district of **Concordia R-II** assumed the proposal would have a negative fiscal impact on their organization. They anticipate an increase in salary expense and an unknown impact on costs related to pricing from local vendors.

Officials at the school district of **New Haven** assume this proposal would have a negative fiscal impact on their organization. They estimate a 10% increase in food costs due to local costs, higher procurement costs, and higher preparation costs.

Oversight will assume the school districts of **Concordia R-II** and **New Haven** can absorb the estimated additional costs that could result from this proposal.

In response to a previous version, officials at the school districts of **Kansas City**, **Macon County R-IV**, **Renick R-V**, **Warren County R-III**, and **Wright City R-II** each assumed an unknown fiscal impact on their respective organizations.

Officials at the **Department of Agriculture**, **Department of Higher Education**, **Department of Public Safety - Veterans Commission**, **Office of Administration**, **Department of Natural Resources**, and **Department of Economic Development** each assume this proposal would not have a fiscal impact on their respective organizations.

ASSUMPTION (continued)

In response to a previous version, officials at the **Department of Health and Senior Services** and **Department of Elementary and Secondary Education** each assumed the proposal would not have a fiscal impact on their respective organizations.

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

In a response to a previous version, officials at the **Metropolitan Community College** and **Missouri State University** each assumed the proposal would not have a fiscal impact on their respective organizations.

Officials at the school districts of **Malta Bend**, **Forysth R-III**, and **West Plains R-VII** school districts each assume this proposal would not have a fiscal impact on their respective organizations.

In response to a previous version, officials at the school district of **East Newton R-VI** assume the proposal would not have a fiscal impact on their organization.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, 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, and the 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, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-lll, Fair Grove, Fair Play, Fayette 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, Kearney R-1, Kennett #39, King City R-1, Kingston 42, 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,

ASSUMPTION (continued)

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, Richland R-1, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shelby County R-4, Shell Knob #78, Sikeston, Silex, Slater, Smithville R-2, Special School District of St. Louis 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, Warrensburg R-6, Webster Groves, and Westview C-6 did not respond to **Oversight's** request for fiscal impact.

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

FISCAL IMPACT - Local Government	FY 2017 (10 Mo.)	FY 2018	FY 2019
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill changes and expands the Farm-to-School Program to the Farm-to-Table Program to include schools, correctional facilities, hospitals, nursing homes, and military bases. The bill requires the Department of Agriculture to establish program goals, including that participating institutions must purchase at least 10% of their food locally by December 31, 2019. The bill also changes and expands the Farm-to-School Taskforce to the Farm-To-Table Taskforce to include a representative from the departments of Corrections and Health and Senior Services and a representative from one of the state's military bases. The Director of the Department of Corrections will appoint one person who is employed as a correctional facility food service director and the Director of the Department of Health and Senior Services will appoint one person who is employed as a hospital or nursing home food services director.

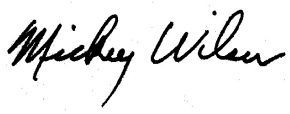
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Department of Corrections
Department of Health and Senior Services
Department of Elementary and Secondary Education
Department of Higher Education
Department of Public Safety - Veterans Commission
Office of Administration
Department of Natural Resources
Department of Economic Development
Metropolitan Community College
Missouri State University
Northwest Missouri State University
Missouri Western State University
State Technical College of Missouri
University of Central Missouri
University of Missouri
Concordia R-II School District
Forysth R-III School District
New Haven School District
Kansas City School District
Macon County R-IV School District
Renick R-V School District

SOURCES OF INFORMATION (continued)

Warren County R-III School District
Wright City R-II School District
Malta Bend School District
West Plains R-VII School District
East Newton R-VI School District



Mickey Wilson, CPA
Director
February 10, 2016

Ross Strope
Assistant Director
February 10, 2016