ASSEMBLY COMMERCE, ECONOMIC DEVELOPMENT AND AGRICULTURE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3742

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 12, 2025

The Assembly Commerce, Economic Development and Agriculture Committee reports favorably and with committee amendments Assembly Bill No. 3742.

As amended and reported, this bill would require the Secretary of Agriculture (secretary) to establish and operate a Farm to School Local Food Procurement Reimbursement Grant Program (program). The purpose of the program is to provide sufficient reimbursement financing to eligible school districts in the State, as necessary to allow such districts to implement or undertake new, expanded, or modified local food procurement policies, practices, standards, processes, systems, and activities at their own pace, and to whatever extent that such policies, standards, processes, systems, and activities are capable of being so expanded or modified, as may be necessary to increase the types or amounts of local foods being procured for students, the meal periods during which such local foods are served to students, or the total number or type of students being offered such local foods, during either the school year or the summer months, or both. A school district is eligible for a program grant if all of the schools participating in, or directly benefitting from, the district's new, expanded, or modified local food procurement policies, standards, processes, systems, or activities (i.e., "participating partner schools") are schools that provide subsidized meals to eligible students.

A school district that wishes to obtain a program grant is required to submit, to the secretary, an attestation form that includes:

(1) a statement certifying the total number of participating partner schools in the district;

(2) a statement certifying the district's status as a small district, a medium-sized district, or a large district, as defined by the bill, and identifying the total amount of program grant funding being sought by the district, within the appropriate minimum and maximum funding range established under the bill for similarly sized districts;

(3) a statement certifying, and briefly describing, the purposes for which the awarded program grant funds will be used in the upcoming program year;

(4) a statement certifying whether, and to what extent, the district is seeking the Department of Agriculture's (department) discretionary authorization, as provided by the bill, in order to enable a portion of the district's program grant award to be used for technical assistance expense purposes in the upcoming program year, and specifying the proportion of the total requested program funding award, by percentage and dollar amount, which is being sought for such discretionary purposes;

(5) a certified copy of the district's proposed local food procurement plan, as well as a brief summary describing the district's current baseline local food sourcing activities and approximate local food budget, if any, and identifying the extent to which farmers have provided local foods to the district's students during the immediately preceding school year; and

(6) any other information or attachments required by the secretary.

Each school district submitting an attestation form, as provided by the bill, is authorized to receive a grant award in the upcoming program year, in an amount consistent with the following minimum and maximum annual funding allowances: (1) for a small school district, which has less than 5,000 students enrolled at partner schools, an annual program grant of not less than $10,000 and not more than $50,000; (2) for a medium-sized school district, which has not less than 5,000 and not more than 10,000 students enrolled at partner schools, an annual program grant of not less than $20,000 and not more than $125,000; and (3) for a large school district, which has 10,000 or more students enrolled at partner schools, an annual program grant of not less than $44,000 and not more than $250,000.

Grants under the program are to be allocated and awarded, on an equitable, pro rata basis, to and among eligible school districts in the State, within the limits of moneys annually appropriated or otherwise made available to the department. Moneys appropriated by the Legislature, for these purposes, are to be deposited in the Farm to School Local Food Procurement Reimbursement Fund (newly established by the bill). The proportional amount of reimbursement grant funding which is to be awarded to each eligible school district, in each program year, is to be determined by the department, in accordance with a funding formula developed thereby, and is to be sufficient to reimburse all, or a portion of, the district's eligible costs at a rate that is proportional to the reimbursement rate applied by the department, in the same program year, to other, similarly sized and situated school districts. The funding formula that is developed and used, by the department, for these purposes, is also required to provide for a proportional adjustment in the pro rata shares that are allocated, in each program year, to school districts that: (1) have a high number or percentage of subsidized students enrolled at partner schools and will use awarded grant funds to increase subsidized students' access to local foods; (2) are located, or have one or more partner schools

located, in a food desert area; (3) will use or encourage or require their local food procurement partners (i.e., all partner schools and school food authorities participating in the district's local food procurement program) to use the awarded grant funds to facilitate or mandate the increased sourcing and procurement of local foods produced by small or mid-sized family farms or socially disadvantaged farmers in the State; or (4) were recipients of a program grant award in one or more prior program years, the full amount of which has been exhausted, in compliance with all applicable program requirements.

Although the bill generally provides for 100 percent of the program funds, annually awarded to each eligible district, to be used solely for the purpose of reimbursing the eligible costs that are expended in association with the sourcing and procurement of the increased types or amounts of local foods served in the district, during the program year, the bill also permits the department, acting on a discretionary and individual case basis, and upon the documented request of an eligible school district, to authorize the school district to use up to 20 percent of the funds annually awarded thereto for the purpose of reimbursing technical assistance expenditures that are deemed, by the department, to be necessary to facilitate the effective implementation of the district's proposed local food procurement plan.

The bill prohibits a school district from using awarded program grant funds to reimburse any ineligible costs, or to reimburse any eligible costs that are already being paid for or reimbursed with other State or federal funds. The bill further requires the department, to the greatest extent practicable, to: 1) maximize the receipt and use of federal funds that are made available to the State, under the Local Food for Schools Cooperative Agreement Program or other, similar federal programs or laws, for the purposes of procuring local or regional food products under the program; and 2) fully expend, in each year, and for the purposes of the program, all federal funding that has been annually allocated to the State for such purposes, whether pursuant to the Local Food Local Food for Schools Cooperative Agreement Program or otherwise, to facilitate the State-level procurement of local or regional foods for schools, before moving to expend any State-level funding that has been appropriated and allocated, for those purposes, in the same program year.

Except as otherwise provided by the bill, any program grant funds that are awarded to a school district, but which remain unclaimed or unexpended at the end of the annual disbursement period, are to be reclaimed by the secretary and used to finance future grant awards under the program. Although the bill authorizes eligible school districts to apply for program funds in multiple program years, the bill prohibits the roll-over of awarded, but unused, program grant funds, from one program year to the next, except in the case of hardship beyond the district's control.

The bill provides for an initial appropriation of $4,500,000, from the General Fund to the department, in order to facilitate the program's initial establishment and finance the first year of program operations. Of that initial amount, the bill provides for $4,000,000 to be deposited into the Farm to School Local Food Procurement Reimbursement Fund, newly established by the bill, and dedicated for use in the financing of grant awards under the program, and it provides for an additional $500,000 to be appropriated, to the department, for use in financing the administrative costs associated with the department's initial establishment of, and commencement of initial operations under, the program.

The bill further requires the department to include, in each annual budget request submitted in each year next following the program's initial establishment, and provides for the Legislature to annually approve, a request for the appropriation of funds in an amount, not exceeding $4.5 million, which is deemed by the department to be sufficient to support and continue the reimbursement program in the next upcoming program year.

COMMITTEE AMENDMENTS:

The committee amended the bill to make the following changes:

(1) remove the provisions of the bill which would have required school districts to submit an application to the department in order to receive program funding, and which additionally described the information required to be included in such applications; and insert new provisions authorizing a school district to receive program funding upon the submission of an attestation form only, and describing the requisite components to be included in such attestation;

(2) insert a new definition of, and references to, "program year";

(3) remove references to "participating schools" and replace with references to "participating partner schools" and "partner schools," in order to avoid potential conflicts with the existing terminology used in the State's school meals program laws;

(4) remove references to "district-operated or third party-contracted food service providers or vendors" and insert a new definition of, and new references to, "school food authorities," which is more consistent with terminology used in federal law;

(5) insert a new definition of, and references to, "local food procurement partners," in order to allow for the collective referencing of those partner schools and school food authorities that are participating in the implementation of a school district's local food procurement plan;

(6) remove the provisions of the bill that would have provided for program grants to be awarded on a competitive basis; insert new provisions providing for program grants to be awarded on an equitable, pro rata basis, in accordance with a funding formula developed by the department; and insert new provisions requiring the

department's funding formula to be designed in a manner that facilitates the department's consideration of certain district-specific characteristics and conditions, when making program funding determinations, and that provides for the department to make proportional adjustments in the pro rata shares of program funding annually awarded to school districts that are determined to have certain specified characteristics or to satisfy certain specified conditions;

(7) remove the provisions of the bill that would have provided for at least 80 percent of an annual program grant award to be used for the sourcing and procurement of increased types or amounts of local foods which are needed to implement the district's proposed local food procurement plan, and which would have further authorized up to 20 percent of the awarded grant funds to be used for certain administrative and technical expenses; insert new provisions requiring 100 percent of an annual program grant award to be used for the sourcing and procurement of increased types or amounts of local foods which are needed to implement the district's proposed local food procurement plan, additionally authorizing the department, acting on a discretionary and individual case basis, upon the request of an attesting district, to allow each eligible district to use up to 20 percent of the funds awarded thereto, in any program year, for the reimbursement of technical assistance expenditures that are deemed, by the department, to be necessary to facilitate the effective implementation of the district's proposed local food procurement plan;

(8) modify the bill's provisions regarding the submission of invoice and accounting statements and the disbursement of awarded program grant funding, so as to provide for such statements to be submitted, and for such awarded program funding to be disbursed to school districts, on a monthly, quarterly, or other periodic installment basis throughout the program year, as specified by department rule or regulation instead of providing for such statements to be submitted on a monthly basis only;

(9) insert a new provision requiring the department to utilize an automated system for expense invoicing and tracking purposes, and authorizing the department to either develop a new automated system, or use an existing automated system, for such purposes;

(10) insert new provisions providing for the department to recoup and reclaim unclaimed or unexpended program funds, for use in future program grant awards, in certain cases;

(11) insert a new section establishing the Farm to School Local Food Procurement Reimbursement Fund, in the Department of Agriculture, to serve as a repository of funds appropriated or otherwise made available for the program's purposes;

(12) insert new provisions requiring the department to maximize the receipt and use of federal funding available for the program's purposes, and to fully expend all federal funds made available thereto,

for program purposes, before moving to expend State funds annually appropriated for the same purposes;

(13) delete the provisions of the bill which would have provided for an initial State-level appropriation of $6.5 million for program grant financing purposes; and insert new provisions providing for an initial State-level appropriation of $4 million, to the Farm to School Local Food Procurement Reimbursement Fund, for the financing of program grant awards, and an initial State-level appropriation of $500,000, to the department, for program-related administrative expenses;

(14) insert a new section requiring the department to annually submit a budget request for, and providing for the Legislature to annually appropriate as requested, new program funding, in an amount not exceeding $4.5 million, to facilitate program operations and finance program grants in the second, and in each subsequent, year of program operations;

(15) insert new provisions requiring the department to annually submit a program status report, to the Governor and Legislature, contemporaneously with the submission of its annual program-related budget request;

(16) revise the bill's effective date section to provide for section 7 of the bill, appropriating an initial $500,000 for program-related administrative expenses, to take effect immediately, and for the remaining sections of the bill to take effect on the first day of the thirteenth month next following the date of enactment, or on January 1 of the second full calendar year next following the date of enactment, whichever date is later;

(17) update the bill's synopsis to reflect the changes incorporated through these amendments; and

(18) incorporate other, minor technical changes to correct subdivision lettering and numbering, to ensure the clarity of language, and to otherwise properly incorporate, into the existing bill text, the substantive amendments described above.